# **EXHIBIT L**

### **APPRAISAL REPORT:**

Kirsch Lofts
308 N. Prospect Street (Building) and 415
E. Main Street (Surface Parking Lot)
City of Sturgis
St. Joseph County, Michigan

# GENZINK APPRAISAL COMPANY

Market Analysis · Real Estate Appraisal · Consulting

May 20, 2016

Mr. J. Michael Showalter Schiff Hardin 233 South Wacker Drive, Suite 6600 Chicago, IL 60606

RE: Appraisal Report: Kirsch Lofts, 308 N. Prospect Street (Building) and 415 E. Main Street (Surface Parking Lot), City of Sturgis, St. Joseph County, Michigan.

Dear Mr. Showalter:

At your request, Genzink Appraisal Company prepared the attached appraisal for the referenced property. The intended users are Schiff Hardin and the United States District Court, Western District of MichiganAppraisal Report. The intended use is to provide an expert report for the civil action between Plaintiff, Newell Rubbermaid Inc. v. Defendant Scott T. Bosgraff, and Kirsch Lofts.

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The appraisers are not responsible for unauthorized use of this report.

Data, information and calculations leading to the value conclusion, and opinions are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed and the reasoning leading to the opinions. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

In Michigan, appraisers are required to be licensed and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909.

Mr. J. Michael Showalter May 20, 2016 Page 2

It has been a pleasure to assist you in this assignment. If you have any questions concerning the appraisal report, or if we can be of further service, please contact us at (616) 261-5000.

Sincerely,

**GENZINK APPRAISAL COMPANY** 

Jeffrey G. Genzink, MAI

Certified General Real Estate Appraiser

jgg/ads

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### SECTION I. SUMMARY OF SALIENT FACTS



Aerial View

**Location:** 308 N. Prospect Street (Building) and 415 E. Main Street (Surface

Parking Lot), City of Sturgis, St. Joseph County, Michigan

Owner: Kirsch Lofts, LLC

**Type of Property:** Shell Building

**Zoning:** B-OS, Business Office Service

**Permanent Parcel Nos.:** 052-200-024-00 and 052-250-028-00

**Property Rights Appraised:** Fee Simple Estate

**Site Description:** The subject property is an irregular shaped, mostly level parcel. A

railroad runs through the north portion of the subject property. There is 4.197 acres (182,842 SF) of net land area, excluding road right-of-way. There is a total of 543.89 feet of frontage along N. Prospect Street, 432.20 feet of street frontage along E. Hatch Street, 247.45 feet of street frontage along N. Fourth Street and

150.03 feet along E. Main Street.

**Building Description:** The subject property is improved with a shell building and parking

lot. The building improvements consist of a 3-story 103,337 SF shell building built in 1922. The shell building contains a basement area for mechanicals that has not been included in the

gross building area.

**Highest and Best Use:** 

"As Vacant" Future residential development

**Highest and Best Use** 

"As Improved" Hold for future redevelopment

**Effective Dates of Value:** September 14, 2015 and January 29, 2016

**Inspection Dates:** March 2, 2015 and January 29, 2016

**Market Value:** 

"September 14, 2015" \$390,000 (without consideration of the draft license and release agreement)
"January 29, 2016" \$390,000 (without consideration of the draft license and release agreement)

**Compensation for Access** (as determined by the Court):

 Engineering and Design
 \$148

 Phase 1
 \$18,056

 Phase 2
 \$44,992

 Phase 3
 +
 \$9,768

 Total
 \$72,964

**Extraordinary Assumption:** The market value opinion with an effective date of September 14,

2015 is based on the extraordinary assumption there were no significant changes to the site or building between the date of value (9/14/15) and the date of inspection (1/29/16). If this is

incorrect, the value conclusion could be impacted.

**Hypothetical Condition:** None

**Intended Users:** Schiff Hardin and the United States District Court, Western

District of Michigan

**Intended Use:** To provide an expert report for the civil action between Plaintiff,

Newell Rubbermaid Inc. v. Defendant Scott T. Bosgraff, and

Kirsch Lofts.

**Appraisal File No.:** 3297-15

### SECTION II. SCOPE OF WORK

**Property Identification:** The subject property is located at the northwest corner of N. Prospect Street and E. Hatch Street, and the southwest corner of N. Prospect Street and E. Main Street, City of Sturgis, St. Joseph County, Michigan. The common street address is 308 N. Prospect Street (Building) and 415 E. Main Street (Surface Parking Lot), Sturgis, Michigan.

*Extent of Inspection:* Mr. Jeff Genzink, MAI and Ms. Michelle Bilardello completed an interior and exterior inspection of the subject property on January 29, 2016, accompanied by Mr. Gabriel Rodriguez, Partner, Schiff Hardin, Practice Group Leader, Environmental and Mr. Scott Bosgraaf, property owner. On March 2, 2015, Ms. Bilardello also completed an inspection from the road.

**Project Information:** The following information was relied upon for this appraisal:

- 1. Assessment records from the City of Sturgis (located in Addendum)
- 2. ALTA/ACSM Land Title Survey completed by Tri-Star Surveying, dated 5/19/1997 (located in addendum)
- 3. Floor plans and unit sizes from Scott Bosgraaf (located in Addendum and Bates #001511 001520, 001530, 001283 001285)
- 4. Project costs for Kirsch Lofts LLC provided by Scott Bosgraaf (Bates #000877, 000878, 001466 001470)
- 5. Conversation with Scott Bosgraaf at the on-site inspection as of 1/29/16
- 6. Deposition transcript of Scott Bosgraaf as of 4/13/16
- 7. Cost receipts by Bosgraaf Commercial LLC (Bates #001028-001046, 001050-001070, 001072-001084, 001098, 001015-001020)
- 8. Complaint dated 6/9/15
- 9. Draft License and Release Agreement, dated 2/26/2015 (located in Addendum)
- 10. Documents referenced herein and all of the following documents: (Bates #000871-000876, #001071, #001085-001087, #001265-001282, #001286-001290, #001471-001491, #001495-001506, #001283-001285, #001291-001444, #001447-001465, #000837-000843, #000862-000867, #000979-0001010, #00000444, #00000877, #00002119, #00002283, #00006396, #00007350, #00007463, #00007474, #001014-001020, #001028-001046, #001050-001070, #001072-001082, #001083-001084, #001098-001264, #001445-001446, #001466-001470, #000792-000809, #000877-000878, #000897-000916, #000924-000956, #001021-001027, #001047-001049,

#001088-001097, #001247, #001005, #000810-000824, #001247, #000825-000834, #000973-000978, #00000965, #00002147 and #00002188).

I reserve the right to supplement or modify this report and my findings to respond to any new or additional information that may become available after the date of this report and to rebut, as necessary, any opinions offered by the plaintiffs or their experts in this case. And further, I reserve the right to use any parties' materials or documents as exhibits and may identify and use additional documents and materials to rebut any testimony of the plaintiffs or their experts.

Effective Dates: September 14, 2015 and January 29, 2016

**Client:** Schiff Hardin

*Intended Users:* The primary intended users are Schiff Hardin and the United States District Court, Western District of Michigan.

*Intended Use:* The intended use of the appraisal is to provide an expert report for the civil action between Plaintiff, Newell Rubbermaid Inc. v. Defendant Scott T. Bosgraff, and Kirsch Lofts. The appraisal is not intended for any other use or to be relied upon by any other party.

*Type of Opinion:* The type of opinion is market value. The following definition was considered.

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. Buyer and seller are typically motivated;
- 2. Both parties are well informed or well advised, and acting in what they consider their best interests:
- 3. A reasonable time is allowed for exposure in the open market;
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: 12 C.F.R. Part 54.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 19, 1992; 59 Federal Register 29499, June 7,1994)

*Draft License and Release Agreement Summary:* In addition to the market value opinion, we have determined the compensation owed to the property owner (Kirsch Lofts, LLC) for the right to enter upon, conduct remediation, maintenance and other work as defined in the draft license and release agreement for 65 months beginning May 1, 2016. As described in the report, we do not expect a significant change for compensation if access occurs between 2016 and 2020. A complete copy of the draft license and release agreement is located in the Addendum.

**Property Rights Appraised:** The ownership interest appraised is fee simple estate, which is defined as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

(Source: The Dictionary of Real Estate Appraisal, 6th Edition, 2015, Appraisal Institute, Chicago, Ill, p. 90).

*Extraordinary Assumption:* The market value opinion with an effective date of September 14, 2015 is based on the extraordinary assumption there were no significant changes to the site or building between the date of value (9/14/15) and the date of inspection (1/29/16). If this is incorrect, the value conclusion could be impacted.

### Hypothetical Condition: None

*Type and Extent of Valuation Analysis Applied:* To determine the market values of the fee simple estate, we relied upon the Sales Comparison Approach. We considered, but did not develop the Income Capitalization Approach or the Cost Approach because they were not considered applicable to arrive at credible results.

Type and Extent of Market Data Considered: The extent of collecting, confirming and analyzing the market data for use in the sales comparison approach was based upon the geographic boundaries of Southwest and Northwest Michigan. Research sources included the

Genzink Appraisal Company internal database, public records, MLS data, CoStar Group Inc. and market participants. The data was confirmed with public records, MLS and/or a third party such as a real estate broker or property owner where available.

*Type of Report:* This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The appraiser is not responsible for any unauthorized use of this report.

The following appraisal sets forth the most pertinent data gathered, the techniques employed and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

### SECTION III. GENERAL DATA

### PROPERTY IDENTIFICATION

The subject property is located at the northwest corner of N. Prospect Street and E. Hatch Street, and the southwest corner of N. Prospect Street and E. Main Street, City of Sturgis, St. Joseph County, Michigan. The common street address for the subject property is 308 N. Prospect Street (Building) and 415 E. Main Street (Surface Parking Lot), Sturgis, Michigan.

### LEGAL DESCRIPTION

The legal descriptions were obtained from public records and are located in the Addendum section of this report.

### **OWNERSHIP**

The owner is Kirsch Lofts, LLC.

### PRESENT USE AND OCCUPANCY OF THE PROPERTY

The subject property consists of a shell building, which is vacant and unoccupied. There is no interior finish, windows, heating/cooling, plumbing fixtures or electrical fixtures in the building.

### SALES HISTORY OF THE PROPERTY

There have been no sales of the subject property in the last three years, and there are no known pending offers.

According to a warranty deed (Liber/Page 1539/909) dated July 10, 2009 a transfer occurred from 1983 Finance Company LC (grantor), to Kirsch Lofts, LLC (grantee) for \$1.00. According to a Purchaser's Settlement Statement from Transnation Title Agency of Michigan (Bates # 000699), Escrow No. 7184WMSAX dated July 10, 2009, the total amount paid for the subject property, including settlement costs, closing fees, recording fees, tax stamps and back taxes, was \$57,544.25.

The following table provides the marketing history of the subject property from August 2002 to June 2007, when the subject property was listed for sale. The listing was published in the Michigan Information Center (formerly known as SWMRIC).

Marketing History		
<u>Date</u>	<u>Activity</u>	Listing Price
August 1, 2002	Listing Began	\$180,000
December 2, 2002	Price Change	\$169,500
July 26, 2003	Listing Expired	\$169,900
July 29, 2004	Listing Began	\$99,900
September 9, 2004	Price Change	\$89,900
October 27, 2004	Price Change	\$79,900
December 2, 2004	Listing Expired	\$79,900
December 9, 2004	Listing Began	\$76,900
February 2, 2005	Listing Expired	\$76,900
June 22, 2005	Listing Began	\$85,000
July 10, 2005	Price Change	\$75,000
April 14, 2006	Price Change	\$65,500
June 20, 2006	Price Change	\$46,000
September 10, 2006	Price Change	\$43,000
June 28, 2007	Listing Expired	\$43,000

### **ZONING**

The subject property is zoned B-OS, Business Office Service. Permitted uses include office buildings for any of the following occupations: executive, administrative, professional, accounting, writing, clerical, stenographic, drafting and sales; medical office and dental offices, including clinics; facilities for human care such as hospitals, rest and convalescent homes; banks, credit unions, savings and loan associations, and similar uses, drive-through facilities as an accessory use only; laundry and dry cleaning; institutional or public services; personal service establishment including barber shops, beauty shops and health salons; off-street parking lots; business schools or private schools operated for profit; essential services; home occupations as provided and controlled in section 1.0401(B)(9); existing housing; mortuaries; accesssory structures and used customarily incident to the above permitted uses, provided such buildings and uses are located on the same zoning lot with permitted use. Special exception uses include bed and breakfast; functional equivalent family; reasonable accommodation use; ministorage and warehousing; child care centers or day care center in accord with section 1.0602 and section 1.0603(M).

The zoning requirements applicable to the subject property are as follows:

Zoning Requirements		
	<u>Zoning</u>	Subject Property
Minimum Frontage	N/A	543.89 feet - Conforms
Minimum Area	N/A	4.197 acres - Conforms
Maximum Coverage	40%	Conforms
Minimum Front Yard	25 feet (1)	Conforms
Minimum Side Yard	15 feet	Non-conforming
Minimum Rear Yard	25 feet	Conforms
Building Height	2 stories or 30 feet	3 Stories, 37 Feet

<sup>(1)</sup> Off-street parking shall be permitted to occupy a portion of the required front yard provided that there is maintained a minimum obstructed landscaped setback of 10 feet between the nearest point of the off-street parking area, exclusive of access driveways, and the nearest right-of-way line. (2) No side yards are required along the interior side lot lines of the district, except as otherwise specified in the building code, provided that if walls of structures facing such interior side lot lines contain windows or other openings, side yards of not less than 10 feet shall be provided. On a corner lot which has a common lot line with a residential district, there shall be provided a setback of 20 feet on the side or residential street. Where a lot borders on a residential district or a street, there shall be provided a setback of not less than 10 feet on the side bordering the residential district or street.

The subject is currently a legal non-conforming use because it does not meet the minimum lot side yard setback requirements or the maximum building height requirements. If the property was demolished, and the owner desires to develop the site, the new developments would need to conform to the current zoning requirements.

The subject property was previously used as an industrial building. According to Ms. Kara Falkenstein, Administrative Assistant, City of Sturgis Community Development, although the building is zoned Business Office Service, the City of Sturgis would consider other uses for the building. A plan would need to be presented to the city, but they would consider a wide range of uses. The appraisal assumes that the property is in conformance with all other governmental regulations including building, fire and health code restrictions and requirements

The City of Sturgis master plan designates the future land use of the subject property as Mixed Use/Single and Two Family Residential.

### ASSESSED VALUE AND PROPERTY TAXES

For property taxation purposes, the property is identified as permanent parcel nos. 052-200-024-00 and 052-250-028-00. Property taxes for the subject property are based upon the State Equalized Value (SEV) since the definition of market value presumes the consummation of a sale. Therefore, property taxes are estimated by multiplying the SEV by the millage rate per

\$1,000 of SEV. Also, there are some municipalities that charge an administration factor for collecting real property taxes. The real property taxes for the subject property are estimated as follows:

Assessed Va Real Proper		
2015 SEV		
052-200-024-00		\$71,100
052-250-028-00	+	<u>\$5,200</u>
Total SEV		\$76,300
Tax Rate (2015)	х	0.0591599
Subtotal		\$4,514
Administration Factor	х	<u>1.01</u>
Estimated Taxes		\$4,559

City of Sturgis online tax information indicates there are no delinquent taxes against the property.

### NEIGHBORHOOD DATA

The objective of a neighborhood analysis is to determine perceivable patterns of growth, structure and change that may detract from or enhance property values. The following analysis describes neighborhood boundaries, transportation, public services, land uses and neighborhood life cycles. A neighborhood map locating the subject property is provided on the following page.

*Neighborhood Boundaries:* The subject property is located in the City of Sturgis, St. Joseph County, Michigan. The neighborhood boundaries are E. Lafayette Road (north), N. Lakeview Avenue (east), N. Nottawa Street (west) and E. Chicago Road (south). The neighborhood is located approximately <sup>3</sup>/<sub>4</sub> miles north of the central business district of the City of Sturgis.

*Transportation:* There is a good network of primary and secondary roads serving the neighborhood. N. Nottawa Street (M-66) is a primary north/south roadway. E. Chicago Road (US-12) is a primary east/west travel route.

**Public Services:** Public services for the area include utilities, police and fire protection by the City of Sturgis. The neighborhood is serviced by public utilities such as municipal water, sewer, public electric and telephone.

# **Neighborhood Map**



*Neighborhood Land Uses:* The majority of the immediate neighborhood consists of single family residential homes. The commercial properties are along E. Chicago Road (US-12) and N. Nottawa Street (M-66). There are some industrial properties located across the street from the subject property along the railroad.

*Neighborhood Life Cycle:* Neighborhoods and their land uses typically evolve through a four-stage life cycle that consists of 1) Growth – a period during which the market area gains public favor and acceptance; 2) Stability – a period of equilibrium without marked gains or losses; 3) Decline – a period of diminishing demand; and 4) Revitalization – a period of renewal, redevelopment, modernization, and increasing demand. The subject's immediate neighborhood is considered to be in a stage of stability.

# SECTION IV. DESCRIPTION OF PROPERTY

The subject property can best be visualized by the following aerial view.

### **Aerial View**



Source: Pictometry (boundary lines estimated). Photo Date is 2013

### SITE DESCRIPTION

The site description is based upon public records, an ALTA/ACSM survey completed by Tri-Star Surveying dated 5/19/97 and a physical inspection of the site.

*Location:* The subject property is located at the northwest corner of N. Prospect Street and E. Hatch Street, and the southwest corner of N. Prospect Street and E. Main Street, City of Sturgis, St. Joseph County, Michigan. The common street address for the subject property is 308 N. Prospect Street (Building) and 415 E. Main Street (Surface Parking Lot), Sturgis, Michigan.

Shape/Land Area: An irregular shaped parcel that contains 4.197 acres (182,842 SF) of net land area, excluding road right-of-way. The site has a total of 543.89 feet of frontage along N. Prospect Street, 432.20 feet of street frontage along E. Hatch Street, 247.45 feet of street frontage along N. Fourth Street and 150.03 feet along E. Main Street.

*Ingress/Egress:* The subject property has access to E. Hatch Street, N. Prospect Street, N. Fourth Street and E. Main Street.

**Topography:** The subject site is mostly level and according to the U.S. Fish & Wildlife Service National Wetlands Inventory online map, there are no apparent wetlands. A wetlands map is provided below.



Source: U.S. Fish and Wildlife National Wetlands Inventory Mapping (boundary lines estimated)

*Flood Plain:* According to the National Flood Insurance Program map, Community Panel No. 26149C0350D (June 4, 2010), the subject property is located within Flood Zone X, areas determined to be outside the 0.2% annual chance floodplain. A flood plain map locating the subject property is located in the Addendum section of this report.

*Soil Types:* The appraisal assumes that the soils are suitable to support current and future site and building improvements.

*Utilities:* Public water, sanitary sewer, electric and telephone service are available to the property.

*Site Improvements:* The site improvements consist of parking lots and grassy areas.

*Off-Site Improvements:* E. Hatch Street, N. Prospect Street, N. Fourth Street and E. Main Street are two-lane, asphalt-paved roadways.

*Easements:* According to public records, there was one easement located on the subject property, which has been released:

- There is an easement to construct, replace, repair (including reconstruction), maintain, comply with federal and state orders, judgments and requests and the Consent Decree entered in Frank J. Kelley, et al. vs. Cooper Industries, Inc. in the United States District Court for the Western District of Michigan, Southern Division Case NO. 5-93-CV-157 respecting the pollution control system(s) within the Easement, dated October 1, 1998 (Liber/Page: 863/47-51).
- There is release of the easement which was dated October 1, 1998. The release of easement was filed June 17, 2014 (Liber/Page: 1747/929).

The appraisal assumes there are no easements that adversely affect the property.

*Hazardous Waste or Property Contamination:* The opinions in this report are based upon the current condition of the subject property as of the effective dates of value. The current owner is not responsible for the remedial action plan. It is my understanding that the current owner completed the asbestos abatement and lead paint removal in 2009 and 2010. As provided in the Complaint, a historical summary of the ground water contamination on the subject property is as

#### follows:

- The subject property is a former manufacturing facility. The facility used industrial solvents, which resulted in releases of contaminants into the soil and groundwater at Kirsch Plant. The contamination was discovered in 1982.
- In 1991, the U.S. EPA issued a Record of Decision (ROD) specifying certain remedial activities for the site.
- In 1992, Cooper Industries recorded with the Register of Deeds of St. Joseph County,
   Michigan a Notice stating that the subject property was contaminated, subject to a federal
   Administrative Order and undergoing remediation activities.
- In 1997, pursuant to a stock purchase agreement, Newell acquired the subject property.
- In 1998, Newell sold the property to WMU Properties, a Michigan co-partnership for a total price of \$190,000.
- In 2008, Kirsch Lofts conducted an environmental investigation which showed the property was contaminated and subject to remediation activities being performed.
- In 2009, Kirsch Lofts purchased the subject property for re-development into condominiums.
- In 2011, the Michigan DEQ directed Newell to complete additional investigation and remediation to address the soils at the site.
- In 2012, Newell submitted a conceptual plan for the remediation of soil contamination which was approved by the Michigan DEQ.

Two monitoring wells are located on the subject property around the exterior of the building improvements. Intrusive work cannot occur within a 5 foot radius of the monitoring well.

A trench with a 4-inch or 6-inch perforated horizontal pipe will be installed within a portion of the center of the first floor of the building. Once installation is completed, this trench will be filled and the floor will be filled in to seal the trench. This piping will be used for active remediation. Intrusive work cannot be performed within 5 feet of this trench on either side.

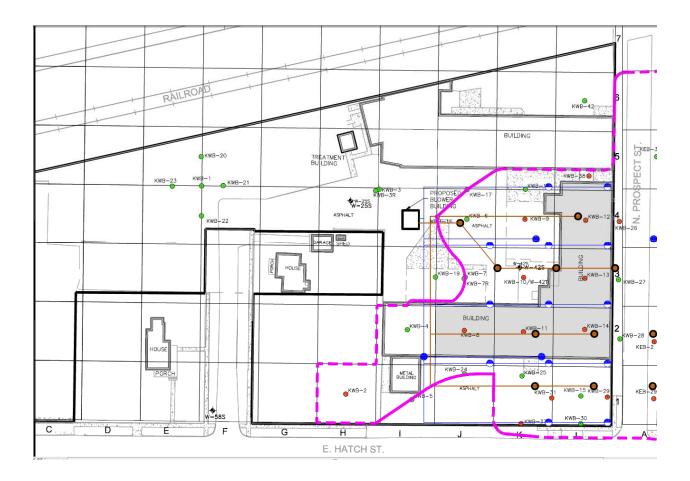
One treatment building and one blower building will be constructed on the Property (308 N. Prospect).

A sketch identifying the expected location of the monitoring wells, the underground piping,

treatment building and blower building is as follows. According to legal counsel, the location of the blower building is expected to be located next to the treatment building (the sketch is incorrect).

Sketch

(Source: URS, Job No. 25366459, dated July 21, 2014)



### LEGEND

- SOIL BORING ADVANCED BY URS BETWEEN MAY
   OCTOBER 2010 (EXCEEDANCE OBSERVED)
- SOIL BORING ADVANCED BY URS BETWEEN MAY & OCTOBER 2010 (NO EXCEEDANCE OBSERVED)
- ★ MONITORING WELL LOCATION
- SHALLOW SVE WELL, SCREENED BETWEEN 10-30 FT
- DEEP SVE WELL, SCREENED BETWEEN 30-60 FT
- AIR SPARGE LOCATION, SCREENED BETWEEN 80-85 FT

**Other:** To our knowledge there are no encroachments, easements or encumbrances that adversely affect the property, and the appraisal assumes that none exist.

#### **BUILDING DESCRIPTION**

The building description was based upon public records, various information provided by the client and Mr. Scott Bosgraaf, and a physical inspection of the building.

*Size/Age:* The building improvements consist of a shell building. There is no interior finish, windows, heating/cooling, plumbing fixtures or electrical fixtures in the building. According to public records, portions of the building were built in 1922. The year built for some of the building was not available. The following table provides the building area breakdown for the building.

Building Area		
<u>Area</u>	<u>SF</u>	
First Floor	35,885	
Second Floor	33,726	
Third Floor	+33,726	
Total Building Area	103,337	

*Condition:* The subject property consists of a shell building, which is considered to be in fair condition at the time of inspection.

According to Mr. Scott Bosgraaf, the following work was completed in 2009 and 2010:

- Sandblasting within the interior of the building
- Demolition and media blasting
- Floors repaired where needed
- New roof covering on building (except lean-to)
- Tuck-pointing concrete block and brick
- Interior wood framing (partial)
- Windows are built, but they are off-site

Foundation/Floor: Poured concrete foundation and reinforced concrete on compacted fill.

Frame: Class C construction, steel and wood frame.

*Exterior Walls:* The exterior walls of the commercial building consist of brick. There are no windows in the building.

**Building Height:** The first and second floor ceiling height is 12 feet. The third floor ceiling height is 13 feet.

Loading Docks/Drive-In Doors: There are two drive-in doors and two loading docks.

**Roof:** Rubber roof membrane roof covering, supported by a mixture of steel truss and wood beam.

*Mechanical:* There is no heating or cooling system in the building.

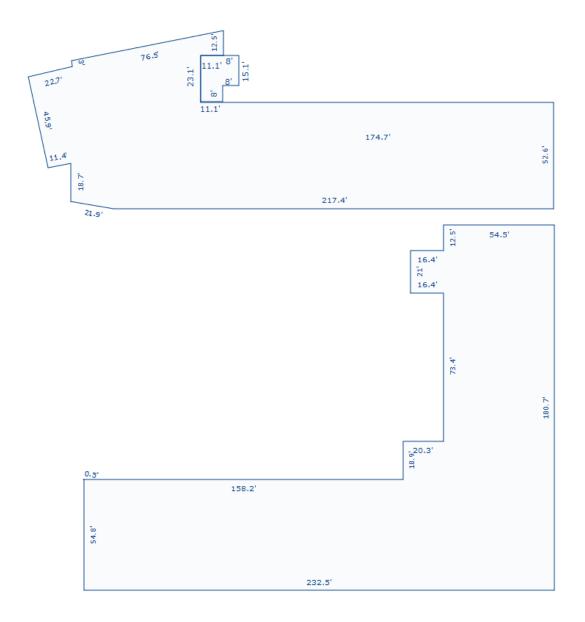
**Plumbing:** There are no plumbing fixtures in the building.

*Electrical:* There are no electrical fixtures in the building.

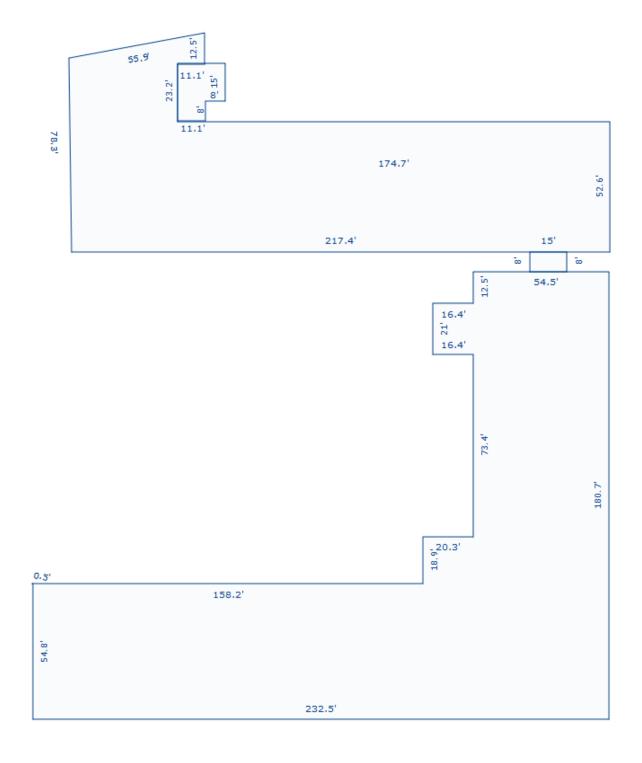
*Interior Layout/Finishes:* The interior is unfinished with a mixture of concrete and wood floor (second and third floor), exposed ceiling and decorative brick walls. Some interior framing has been constructed.

**Building Dimensions:** The building dimensions for the subject property are located on the following pages.

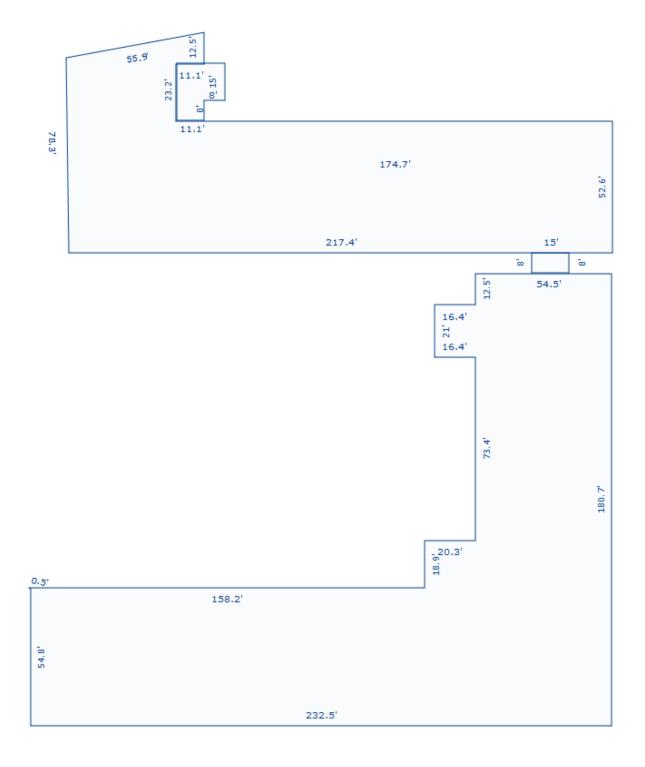
# **Building Dimensions – First Floor**



# **Building Dimensions – Second Floor**



# **Building Dimensions – Third Floor**



**Proposed Development Plan:** The following summary table provides a description of the proposed development of Kirsch Lofts. The floor plans and specifications of Phase 1 and 2 are located in the Addendum. Mr. Bosgraaf stated that Phase 3 would be a residential use (Bates # 000877), however he did not provide specific floor plans or specifications for the Phase 3 development.

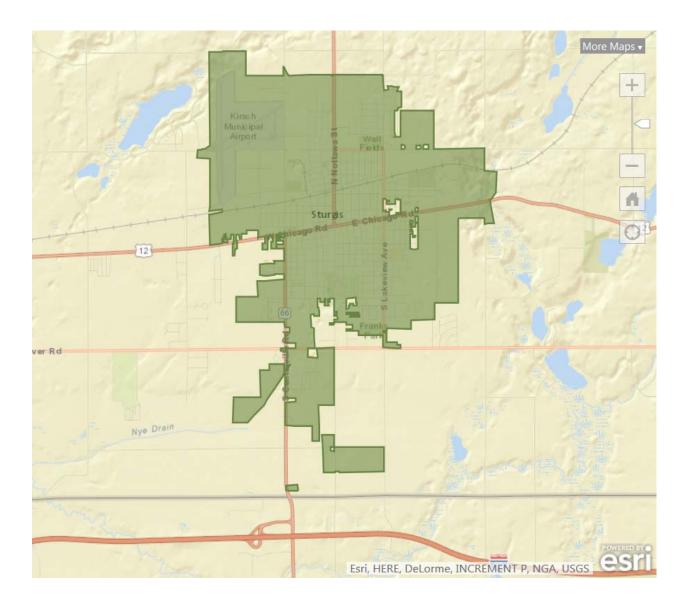
	Kirsch Lofts - Proposed Development				
<u>Phase</u>	First Floor	Second Floor	Third Floor	<u>Amenities</u>	
1	Residential 1 BR, 2 BR Units	Residential 1 BR, 2 BR Units	Residential 1 BR, 2 BR Units	Indoor Pool, Exterior Patio, Workout area, Courtyard	
2	Commercial 10,000 SF/Floor	Commercial 10,000 SF/Floor	Commercial 10,000 SF/Floor	Proposed Deli & Restaurant, Elevator, Bathrooms	
3	Residential	Residential	Residential	N/A	

## SECTION V. VALUATION ANALYSIS

### **MARKET ANALYSIS**

The current owner has proposed a mixed use development at the subject property, which includes redevelopment of the industrial building for residential and commercial uses.

The following ESRI map shows the boundaries for the City of Sturgis.



A summary of the total population, households and median household income for the City of Sturgis and St. Joseph County is provided in the following tables.

		Total Popul	ation	
	City of	% Annual	St. Joseph	% Annual
<u>Year</u>	<u>Sturgis</u>	<u>Change</u>	<u>County</u>	<u>Change</u>
2010	10,994	n/a	61,295	n/a
2015	11,007	0.0%	61,781	0.2%
2020	11,097	0.2%	62,630	0.3%

Source: 2010 U.S. Bureau of the Census and ESRI forecasts for 2015 and 2020.

	Total Households			
	City of	% Annual	St. Joseph	% Annual
<u>Year</u>	<u>Sturgis</u>	<u>Change</u>	<u>County</u>	<u>Change</u>
2010	4,088	n/a	23,244	n/a
2015	4,103	0.1%	23,543	0.3%
2020	4,137	0.2%	23,887	0.3%

Source: 2010 U.S. Bureau of the Census and ESRI forecasts for 2015 and 2020.

Median Household Income				
	City of	% Annual	St. Joseph	% Annual
<u>Year</u>	<u>Sturgis</u>	<u>Change</u>	<u>County</u>	<u>Change</u>
2010	-	-	-	-
2015	\$36,444	-	\$42,995	-
2020	\$40,877	2.4%	\$50,422	3.5%

Source: 2010 U.S. Bureau of the Census and ESRI forecasts for 2015 and 2020.

According to the ESRI forecasts, population and total households are forecasted to have nominal increases. Median household income is projected to increase at a slightly lower rate in the City of Sturgis in comparison to St. Joseph County. As shown in the following breakdown of households by income, 65.8% of the households have an income less than \$50,000 and 84.5% earn less than \$75,000.

Household	ds by Income	
Annual	Number of	
Household Income	<u>Households</u>	<u>Percent</u>
<\$49,999	2,703	65.8%
\$50,000 -\$74,999	765	18.6%
\$75,000 -\$99,999	357	8.7%
\$100,000 -\$149,999	170	4.1%
\$150,000 -\$199,999	81	2.0%
\$200,000+	<u>29</u>	0.7%
	4,105	

Source: ESRI forecasts for 2015

A summary of housings units by occupancy for the City of Sturgis is provided in the following table.

Housing Units Summary				
	2	015	2	020
Occupancy Status Owner Occupied	No. of <u>Units</u> 2,333	Percent 50.8%	No. of <u>Units</u> 2,402	Percent 52.0%
Renter Occupied	1,755	38.2%	1,701	36.8%
Vacant	<u>507</u> 4,595	11.0%	<u>518</u> 4,621	11.2%

Source: ESRI forecasts for 2015 and 2020.

According to the previous summary table, the number of owner occupied units is projected to increase, while the number of renter occupied units will decrease. The total number of units is forecasted to increase by 26 over the five year period and the number of vacant units is forecasted to increase by 9. Therefore, the forecasted increase of occupied units is 17 units, equivalent to 3.4 new units per year for the five year period.

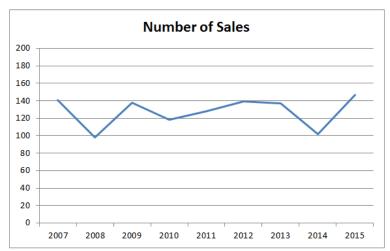
### **Single Family Residential Market Analysis**

The following section will provide an overview of the single family residential market for the City of Sturgis. The single family residential sales are from the Southwest Michigan (SWMRIC) MLS and are based upon the following search parameters.

- Sale dates from January 1, 2007 through December 31, 2015
- Located in the City of Sturgis

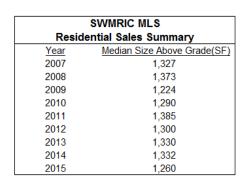
A summary of the search results is provided in the following tables and charts.

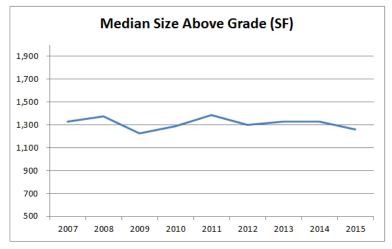
S	SWMRIC MLS		
Residen	Residential Sales Summary		
<u>Year</u>	Number of Sales		
2007	141		
2008	98		
2009	138		
2010	118		
2011	128		
2012	139		
2013	137		
2014	102		
2015	147		



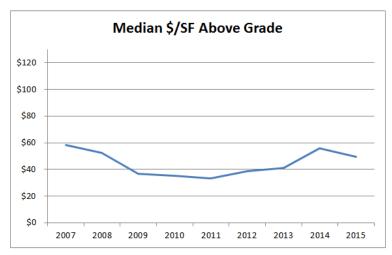
SWMRIC MLS					
Residential Sales Summary					
<u>Year</u>	Median Sale Price				
2007	\$75,000				
2008	\$73,000				
2009	\$44,728				
2010	\$42,850				
2011	\$48,000				
2012	\$46,000				
2013	\$60,000				
2014	\$69,900				
2015	\$67,000				



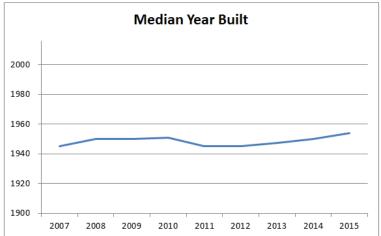




SWMRIC MLS					
Residential Sales Summary					
<u>Year</u>	Median \$/SF Above Grade				
2007	\$58				
2008	\$52				
2009	\$37				
2010	<b>\$</b> 35				
2011	<b>\$</b> 33				
2012	\$39				
2013	\$41				
2014	<b>\$</b> 56				
2015	\$50				



SWMRIC MLS					
Residential Sales Summary					
<u>Year</u>	Median Year Built				
2007	1945				
2008	1950				
2009	1950				
2010	1951				
2011	1945				
2012	1945				
2013	1948				
2014	1950				
2015	1954				



As shown in the previous tables and charts, the range of single family residential sale indicators from 2007 through 2015 are as follows:

- The number of sales per year ranged from 98 to 147 sales per year.
- Median sale price has ranged from of \$42,850 to \$75,000. The median sale price has been increasing from 2010 to 2014. However, there was a decline from 2014 to 2015 of -4%.
- The median size for a single family home (above grade square feet) ranged from 1,260 SF to 1,385 SF.
- The median sale price/SF (above grade) ranged from \$33/SF to \$58/SF. The median sale price has been increasing from 2010 to 2014. However, there was a decline from 2014 to 2015 of
  - -11%.
- Median year built is 1945 to 1954.

Also, we have researched single family home sales that were built from 2004 to 2015, located in the City of Sturgis. The single family residential sales are from the Southwest Michigan (SWMRIC) MLS. A summary of the search results is provided in the following table.

Single Family Home Sales - Built since 2004							
<u>Address</u>	Price	SF Above <u>Grade</u>	Year Built	Sold Date	Price/SF (Above Grade)		
1113 S Merribe Street	\$138,000	1,400	2005	2/11/2015	\$98.57		
903 Independence	\$188,000	2,580	2006	8/6/2013	\$72.87		
610 Wilson Avenue	\$108,900	2,291	2009	8/30/2013	\$47.53		
1421 S Merribe Street	\$149,900	1,780	2004	4/24/2012	\$84.21		
700 Hampshire	\$149,000	2,050	2009	6/22/2011	\$72.68		
704 Friar Tuck	\$169,000	2,128	2005	5/5/2008	\$79.42		

- There are 6 sales that range in sales price from \$108,900 to \$188,000, which is equivalent to \$47.53/SF to \$98.57/SF, or a median of \$76.14/SF
- The size for above grade square feet ranges from 1,400 SF to 2,580 SF.

### **Residential Condominiums Market Analysis**

The following section will provide an overview of the residential condominium market for the City of Sturgis. The residential condominium sales are included in the previous sales analysis from the SWMRIC MLS. A summary of our finding are as follows:

- From 2007 through 2015, there were three condominium unit sales and seven expired listings.
- The three sales were located in Stone Cliff Condominiums and the sale prices ranged from \$12,000 to \$39,900. Two sales occurred in 2009 and indicate sale prices of \$12,000 to \$19,000. One sale occurred in 2013 at a sale price of \$39,900.
- The size of the condominium units (above grade square feet) range from 828 SF to 1,000 SF.
- The year built is 1975.
- Ms. Kara Falkenstein, City of Sturgis Community Development Administrative Assistant, stated that there has been no new construction for residential condominiums in the City of Sturgis from 2007 to the current date. The only proposed condominium development in the City of Sturgis since 2007 is Kirsch Lofts.

- From 2007 to 2015 there has been no new construction, and minimal demand for residential condominium units.
- According to the Brownfield Redevelopment M BT Credit Application (Bates #000814) for the subject property, the type of proposed housing was condominiums, the total number of units is 35 to 50 and the purchase price would be \$125,000. The estimated date of construction was from October 2008 to December 2015.
- According to the proposed square footage (Bates #001285) the range of size for the living units for phase 1 is 775 SF to 2,050 SF, or an average of 1,224 SF /unit. Based upon a proposed asking price of \$125,000, the sale price is equivalent to \$102/SF.

The market data from 2007 to 2015 indicates that residential condominiums were not in demand and the proposed asking price of \$125,000 is significantly greater than the residential condominium sales that have sold in the City of Sturgis (\$12,000 to \$39,900). Also, the proposed average asking price/SF for the subject property is \$102/SF, which is significantly greater than the average condominium sale price of \$24.90/SF. The proposed condominium asking price also greatly exceeds the median sale price (\$67,000) and median price/SF above grade living area (\$50/SF) of a single family residence in that sold 2015.

The primary demand generator for real estate development is the increase in population and household income. As stated previously, the City of Sturgis population and median household income from 2015 to 2020 will have minimal growth. Therefore, we do not expect a significant improvement to the residential condominium market into the foreseeable future.

#### **Apartments Market Analysis**

The following section will provide an overview of the apartment market for the City of Sturgis. As of 2016, there are two new mixed use developments in Downtown Sturgis currently under construction, which include residential apartments. A description of each project is as follows:

Moso Village will include four one-bedroom (approximately 640 SF) and eight two-bedroom (approximately 840 SF) units. Phase 1 is approximately 30,000 SF of office and retail space, and 10,000 SF of apartments. The apartments will be completed in June 2016. They received 10 applications to rent and 4 of the units are leased. The current occupancy rate is 33%.

• 107-113 W. Chicago Road will have 11 apartments that range in size from 600 SF to 1,700 SF. Of the 11 units, 2 units are approximately 600 SF, 8 units are 1,100 to 1,300 SF and 1 unit is 1,700 SF. The units are located on the 2<sup>nd</sup> and 3<sup>rd</sup> floor above the first floor commercial space and will be completed in June 2016. Approximately half of the units were leased as of May 2016. The current occupancy rate is 50%.

Both properties are located in the downtown district. There are two existing conventional apartment projects located in the City of Sturgis, which are Colonial Crest and Stoughton Estates. They contain a total of 168 units and were built in 1965 and 1995. The current occupancy rate is 96% and 100%. The remaining apartment projects in the City of Sturgis are subsidized.

A summary of the rental rates for Moso Village, 107-113 W. Chicago Road, Colonial Crest, and Stoughton Estates are provided below.

Sturgis Apartment Rental Rate Summary – May, 2016							
Apartment Name Moso Village	No. of <u>Units</u> 4	<u>Unit Type</u> 1 BR/1 BA	Unit Size (SF) 640	Monthly Rent \$750			
Moso Village	8	2 BR/2 BA	840	\$950			
107-113 Chicago Rd.	11	N/A	600 to 1,700	\$700 to \$1,200			
Colonial Crest	26	1 BR/1BA	700	\$475			
Colonial Crest	22	2 BR/1BA	900	\$550			
Stoughton Estates	5	1 BR/1 BA	700	\$720			
Stoughton Estates	115	2 BR/1 BA	960	\$755 to \$830			

As stated in the previous summary table, the existing units in the City of Sturgis (168 units, or 88% of the total supply, including those being constructed) have rental rates from \$475/month to \$830/month. The confirmation source for Moso Village indicated he has had more interest for the units priced at \$750/month.

In addition to the apartment rent and occupancy data in the City of Sturgis, we have relied upon the Property Management Association of West Michigan (PMAWM) apartment market survey. The survey area which includes the City of Sturgis changed from 2011 to 2012. Survey results for the first quarter 2010 and first quarter 2011 include Kalamazoo, Calhoun and St. Joseph Counties. Survey results for the second quarter 2012 through first quarter 2016 include Kalamazoo, Barry and St. Joseph Counties. The result of the survey is as follows:

PMAWM Apartment Survey					
<u>Date</u> 1 Q 2010	Survey Area (1)	Average <u>Rental Rate</u> \$721	Total <u>Occupancy</u> 86%	Total Units <u>Surveyed</u> 9,794	
1 Q 2011	(1)	\$716	90%	10,419	
2 Q 2012	(2)	\$706	95%	10,865	
1 Q 2013	(2)	\$672	93%	10,894	
1 Q 2014	(2)	\$676	93%	7,142	
1 Q 2015	(2)	\$739	95%	10,787	
1 Q 2016	(2)	\$797	96%	10,355	

- (1) Kalamazoo, Calhoun and St. Joseph Counties
- (2) Kalamazoo, Barry and St. Joseph Counties

The survey indicates that the rental rates declined from 2010 to 2013 (\$721/month to \$672/month), and increased from 2014 to 2016 (\$676/month to \$797/month).

According to the Brownfield Redevelopment MBT Credit Application (Bates #000814) for the subject property, the proposed rental rate is \$775/month. However, the size range of the units is 775 SF to 2,050 SF (Bates # 001285) and it's unlikely that the proposed rental rate is \$775/month for all unit sizes. In addition the PMAWM apartment survey states that the proposed rent (\$775/month) is not reached until 2016. From 2010 to 2015 the proposed rental rate is below the average market rental rate. According to the market data, the proposed rent will exceed the market rents from 2010 to 2015 and the proposed units will likely remain vacant during that period

The primary demand generator for real estate development is the increase in population and household income. As stated previously, the City of Sturgis population and median household income from 2015 to 2020 will have minimal growth. Given the size of the proposed project for the subject property we do not expect a significant improvement to the apartment market to support an additional 35 to 56 units. The proposed units would increase the total supply of conventional apartments by additional 18% to 29%.

### **Commercial and Office**

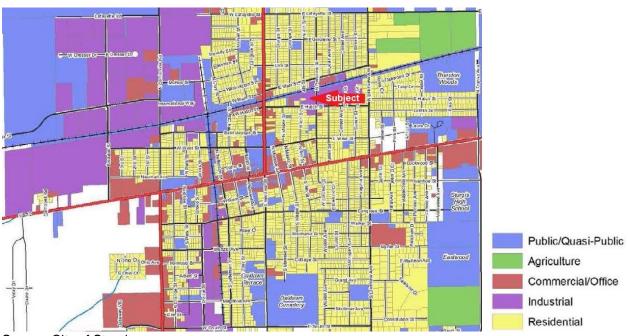
Commercial and office use in the City of Sturgis is concentrated along Chicago Road (US-12) and Centerville Road (M-66), located south of Chicago Road. Downtown Sturgis is located along Chicago Road, east of Centerville Road. The City of Sturgis aerial view (below) and land use map (next page) show the concentration of commercial and office use along Chicago Road (US-12) and Centerville Road (M-66). The primary land use that surrounds the subject property is residential as shown in the following aerial view and existing land use map.

## **Aerial View**



Source: Pictometry

## **Existing Land Use Map**



To analyze the commercial market for the subject area, we completed a search for commercial sales and leases using the SWMRIC MLS, based on the following parameters:

- Located in City of Sturgis, Michigan
- All building sizes
- Sale/lease date January 1, 2007 to May 18, 2016, and current listing as of May 18, 2016

Based on the previous parameters, there are 21 sales and 13 current listings. A summary of the building sales and listings using the published data on the MLS listings is provided as follows:

MLS Summary	- Commercial and	Office Building	Sales
Sale Date	Sale Price	GBA (SF)	\$/SF
5/21/2007	\$165,000	Not Avail.	-
6/29/2007	\$125,000	5,000	\$25
10/25/2007	\$22,000	2,500	\$9
4/25/2008	\$300,000	23,138	\$13
5/8/2008	\$75,000	24,320	\$3
10/30/2008	\$100,000	Not Avail.	-
2/17/2009	\$125,000	6,400	\$20
8/1/2009	\$68,000	Not Avail.	-
8/23/2010	\$10,000	6,156	\$2
6/15/2011	\$60,000	5,600	\$11
7/14/2011	\$15,000	1,100	\$14
12/20/2011	\$95,000	5,365	\$18
7/2/2012	\$65,000	1,274	\$51
10/29/2012	\$216,000	4,400	\$49
4/29/2013	\$67,457	4,000	\$17
10/4/2013	\$50,000	480	\$104
12/3/2013	\$150,000	3,108	\$48
1/2/2014	\$75,000	Not Avail.	-
1/28/2015	\$82,000	1,200	\$68
5/6/2015	\$850,000	12,078	\$70
12/7/2015	\$125,000	4,374	\$29
<u>Status</u>	<u>List Price</u>	GBA (SF)	\$/SF
Listing	\$57,900	Not Avail.	-
Listing	\$59,900	2,400	\$25
Listing	\$69,900	Not Avail.	-
Listing	\$90,000	4,704	\$19
Listing	\$99,000	2,700	\$37
Listing	\$109,000	3,301	\$33
Listing	\$215,000	3,848	\$56
Listing	\$235,000	1,742	\$135
Listing	\$249,000	Not Avail.	-
Listing	\$295,000	4,374	\$67
Listing	\$325,000	2,300	\$141
Listing	\$395,000	3,348	\$118
Listing	\$490,000	20,068	\$24

Based on market research, there has been minimal new demand for commercial and office use in the City of Sturgis. As of 2016, there is one mixed use development in Downtown Sturgis, which is currently under construction. The project is known as MOSO Village and will include 12 apartments and commercial space located on two floors. The project is located in downtown Sturgis. Approximately 4,000 SF is owner occupied, 7,600 SF is leased, and 8,000 SF is vacant and available for lease.

According to the proposed subject property floor plan for phase 2 (Bates #001086), the commercial space is 22,440 SF. The subject property is not located in downtown Sturgis, or along Chicago Road (US-12) or Centerville Road (M-66). Also, the surrounding land uses are residential and do not complement a multi-story commercial use. Furthermore, there is no market evidence that the market will absorb 22,440 SF of proposed commercial space.

As stated in the regional area data (located in the Addendum), the unemployment rate for St. Joseph County in 2011 was 10.4%, which has decreased to 4.3% in 2015. Even though the unemployment rate has improved from 2011 to 2015, there was minimal new demand for commercial and office use in the city of Sturgis.

#### **Industrial**

The City of Sturgis has good proximity to the I-80/90 east/west corridor, which is a desirable travel route for industrial users. To analyze the industrial market for the subject area, we completed a search for industrial sales and leases using the SWMRIC MLS, based on the following parameters:

- Located in St. Joseph County, Michigan
- Gross building area greater than 10,000 SF
- Sale/lease date January 1, 2007 to May 18, 2016
- Current listing as of May 18, 2016

Based on the previous parameters, there are 19 sales and 2 current listings. A summary of the building sales and listings using the published data on the MLS listings is provided as follows.

MLS Summary - Industrial Building Sales					
Sale Date	<u>City</u>	Sale Price	GBA (SF)	\$/SF	
1/29/2007	White Pigeon	\$268,000	47,118	\$6	
7/6/2007	White Pigeon	\$369,000	24,000	\$15	
7/12/2007	White Pigeon	\$375,000	51,242	\$7	
1/14/2008	Sturgis	\$247,500	26,000	\$10	
9/18/2009	Colon	\$130,000	25,000	\$5	
3/1/2010	Centreville	\$80,000	25,000	\$3	
11/5/2010	Sturgis	\$110,000	10,990	\$10	
2/22/2011	Three Rivers	\$135,000	16,500	\$8	
6/30/2011	Sturgis	\$350,000	47,000	\$7	
11/3/2011	Three Rivers	\$142,500	20,500	\$7	
4/19/2012	White Pigeon	\$215,000	24,000	\$9	
4/24/2012	Sturgis	\$25,000	10,990	\$2	
1/3/2013	Colon	\$105,900	25,000	\$4	
1/21/2013	Three Rivers	\$165,000	14,500	\$11	
12/6/2013	Sturgis	\$125,000	30,000	\$4	
12/30/2013	White Pigeon	\$99,750	39,600	\$3	
7/15/2014	Constantine	\$1,300,000	238,000	\$5	
3/27/2015	Sturgis	\$24,000	10,990	\$2	
8/24/2015	Sturgis	\$570,000	33,776	\$17	
<u>Status</u>	<u>City</u>	List Price	GBA (SF)	<u>\$/SF</u>	
Listing	Constantine	\$179,000	19,091	\$9	
Listing	Mendon	\$349,000	11,500	\$30	

The search resulted in two closed leases and one active lease, which indicates industrial buildings over 10,000 SF in this area are primarily owner occupied.

The building sales and leases are 1-story, generally have ceiling heights of from 16 feet and above and the building shapes are mostly square or rectangular. The subject property consists of a 3-story, shell building which contains 103,337 SF. The first and second floor ceiling height is 12 feet. The third floor ceiling height is 13 feet. The building is U-shaped.

Based on the industrial market analysis, it is our opinion an industrial use is not suitable at the subject property due to the existing physical characteristics (3-story, 12 to 13 foot ceiling height, and a U-shaped building) that can't be changed.

## HIGHEST AND BEST USE - September 14, 2015

Highest and best use analysis is important in the appraisal process because it provides the foundation as to how to proceed with the valuation of the property. It provides the basis on which the subject value is estimated, because the market data used to determine value for the subject is predicated on the property's highest and best use.

In highest and best use analysis, reasonable alternative uses for the property are explored within a framework of legal, physical and economic parameters.

The definition of highest and best use that follows is taken from *The Dictionary of Real Estate Appraisal*, 6th Edition, Page 109.

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The highest and best use of the appraised property is that use which is legally permissible, physically possible and provides the highest return. With improved properties, a conclusion of the highest and best use is made both as vacant, and as improved. The analysis assuming an improved property as vacant is done to test and provide support for the concluded highest and best use as improved.

### Highest and Best Use as Vacant:

Legal Permissible Use: The subject property is zoned B-OS, Business Office Service. By providing a separate area for such uses, these essential facilities are kept from encroaching in areas or districts where they would be incompatible. Permitted uses include office buildings for any of the following occupations: executive, administrative, professional, accounting, writing, clerical, stenographic, drafting and sales; medical office and dental offices, including clinics; facilities for human care such as hospitals, rest and convalescent homes; banks, credit unions, savings and loan associations, and similar uses, drive-through facilities as an accessory use only; laundry and dry cleaning; institutional or public services; personal service establishment including barber shops, beauty shops and health salons; off-street parking lots; business schools or private schools operated for profit; essential services; home occupations as provided and controlled in section 1.0401(B)(9); existing housing; mortuaries; accessory structures and used customarily incident to the above permitted uses, provided such buildings and uses are located on the same zoning lot with permitted use. Special exception uses include bed and breakfast; functional equivalent family; reasonable

accommodation use; ministorage and warehousing; child care centers or day care center in accord with section 1.0602 and section 1.0603(M).

The subject property was previously used as an industrial building. According to Ms. Kara Falkenstein, Administrative Assistant, City of Sturgis Community Development, although the building is zoned Business Office Service, the City of Sturgis would consider other uses for the site, including the previous industrial use. A plan would need to be presented to the city, but they would consider a wide range of uses.

The City of Sturgis master plan designates the future land use of the subject property as Mixed Use/Single and Two-Family Residential.

Physical Possible Use: The subject site is an irregular shaped parcel that contains 4.197 acres (182,842 SF) of net land area, excluding road right-of-way. The site has a total of 543.89 feet of frontage along N. Prospect Street, 432.20 feet of street frontage along E. Hatch Street, 247.45 feet of street frontage along N. Fourth Street and 150.03 feet along E. Main Street. Public water, sanitary sewer, electric and telephone service are available to the property (at the road).

Financial Feasibility/Maximum Profitability: As stated in the market analysis, the location of the subject property is not suitable for commercial or office use because it is not located along a primary thoroughfare such as Chicago Road (US-12) or Centerville Road (M-66), and the surrounding land use is primarily residential. Although there is an industrial property located near the subject property, the surrounding land use is primarily residential and development of the subject property, as vacant, for industrial use is not complementary to the residential use, as industrial users prefer to be located near other industrial users. Based upon the market analysis, it is our opinion that the highest and best use of the subject site, as vacant, is for future residential development when demand exists.

### Highest and Best Use as Improved:

The subject property consists of a shell building, which is vacant and unoccupied. There is no interior finish, windows, heating/cooling, plumbing fixtures or electrical fixtures in the building. The current owner has proposed a mixed use development at the subject property, which includes redevelopment of the building for residential and commercial use.

#### Commercial and Office

As stated in the market analysis, commercial and office use in the City of Sturgis is concentrated along Chicago Road (US-12) and Centerville Road (M-66), located south of Chicago Road. There has been minimal new demand for commercial and office use in the City of Sturgis. The subject property is not located in downtown Sturgis, or along Chicago Road (US-12) or Centerville Road (M-66). Also, the surrounding land uses are residential and do not complement a multi-story commercial use. Furthermore, there is no market evidence that the market will absorb 22,440 SF of proposed commercial space. Therefore, it is our opinion that commercial and office use is not the highest and best use of the subject property, as improved.

## Industrial

As stated in the market analysis, an industrial use is not suitable at the subject property due to the existing design and layout of the building (3-story, 12 to 13 foot ceiling height, and a U-shaped building). The current demand for industrial buildings consist of a 1-story structure, ceiling height of 16 feet and above and a building layout that is mostly square or rectangular. Therefore, it is our opinion an industrial use is not the highest and best use of the subject property, as improved.

### Residential

As previously discussed, there was a minimal increase in population from 2010 to 2015 of 13 persons, and the population in 2020 is projected to increase by 90 persons (0.2%). There are approximately 500 vacant housing units, which is approximately 11% of the total units.

According to the Brownfield Redevelopment MBT Credit Application (Bates #000814) for the subject property, the proposed rental rate is \$775/month. However, the size range of the units is 775 SF to 2,050 SF (Bates # 001285) and it's unlikely that the proposed rental rate is \$775/month for all unit sizes. As stated in the market analysis, the PMAWM apartment survey states that the proposed rent (\$775/month) is not reached until 2016. From 2010 to 2015 the proposed rental rate is below the average market rental rate. According to the market data, the proposed rent will exceed the market rents from 2010 to 2015 and the proposed units will likely remain vacant during that period

The primary demand generator for real estate development is the increase in population and household income. As stated previously, the City of Sturgis population and median household income from 2015 to 2020 will have minimal growth. Given the size of the proposed project for the subject property we do not expect a significant improvement to the apartment market to support an

additional 35 to 56 units. The proposed units would increase the total supply of conventional apartments by additional 18% to 29%.

Based upon the previous analysis, the highest and best use of the subject property, as improved, is to hold for future redevelopment.

## COST APPROACH

The cost approach involves estimating the current replacement or reproduction cost of building and site improvements, subtracting depreciation and adding land value. The building improvements are greater than 50 years old. The year built is 1922. As the age of the building increases the process of estimating accrued depreciation becomes less reliable. Due to the subject's age, the cost approach is not applicable.

## SALES COMPARISON APPROACH - September 14, 2015

The sales comparison approach involves the search for sales of similar type property, analyzing the sales, and estimating a value for the subject based on the analysis. The principle of substitution is particularly relevant in this approach whereby the theory is that value is controlled by prices paid for similar properties having like utility.

The analysis process involves making adjustments to the sale prices of comparable properties for differences in the "elements of comparison" between the comparables and the appraised property. The elements of comparison include property rights conveyed, financing terms, conditions of sale, expenditures immediately after the sale, market conditions, location, physical characteristics, use, economic characteristics, zoning, highest and best use and non-realty components of value. Adjustments to the comparables are usually made on a percentage or dollar basis and are applied to a unit rate of comparison, such as sale price per square foot of land or building area, or some other appropriate unit. The unit rate determined to be most applicable in making comparisons between the comparables and the subject is price per square foot of the building improvements.

The extent of collecting, confirming and analyzing the building sale comparables for use in the appraisal is based upon the geographic boundaries of Southwest and Northwest Michigan. Research sources included the Genzink Appraisal Company database, MLS data, CoStar Group, Inc. and market participants. The data was typically confirmed with a third party such as a real estate broker or property owner, when available.

We have selected four comparable properties, which are considered similar to the subject property. There are three sold comparables and one current listing. The following page provides a summary chart of the adjustments for the comparable properties. A map locating the comparable properties and a description of each property is located in the Addendum section of this report.

	S	ullillary or Aujustiller	Summary of Adjustments - Building Sales		
	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4
Comparable Reference No.		3008031	3008730	3008708	3008729
Street Number	308	98	401	400	455
Street Name	N. Prospect Street	S. Division Street	N. Cochran Avenue	Bryant Street	E. Water Street
City/Township	City of Sturgis	City of Battle Creek	City of Charlotte	City of Kalamazoo	Village of Constantine
County Sales Data	St. Joseph	Calhoun	Eaton	Kalamazoo	St. Joseph
Property Rights	fee simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms	cash	Cash	Cash	Cash	Cash
Conditions of Sale	arm's length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Sale Price		\$330,000	\$25,000	\$360,000	\$179,000
Cash Price		\$330,000	\$25,000	\$360,000	\$179,000
Sale Date Site Description	9/14/2015	GL0Z/0Z/LL	7.10/2014	6/30/2014	Current Listing
Access	averade	averade	שושואה	averade	average.
Visibility	averade	average	average	average	average
Physical Location	Corner	Corner	Interior	Cul-de-sac	Interior
Land area (Acres)	4.197	2.006	1.293	1.504	2.941
Land area (SF)	182,842	87,399	56,319	65,527	128,113
Shape	Irregular	Irregular	Irregular	Irregular	Irregular
Topography	Mostly Level	Mostly Level	Mostly Level	Mostly Level	Mostly Level
Zoning	BOS; Business Office Space	I-1; Industrial	I-2; General Industrial District	M-1; Manufacturing, Limited	Industrial
Building Description		1			
Year Built	1922	1930	1900	1906	1900
Condition	rair 100 001	rair 50 441	Fair	Average	rair
Gross Building Area (SF)	103,337	89,11,	37,310	050,16	24,800
Number of Stories	S S S S S S S S S S S S S S S S S S S	4 4 O	S Maccon C	S Machany Erama	2-1.
History and Bost I Iso	Hold for future redevelopment	C, Masolli y Flaille	Mixed-Hee Development	Mixed-Hee Development	Mixed-Hea Development
Units of Comparison		Light maashal	Mixed-Ose Developinent	Wixed-Ose Developine	Mixed-Ose Developine
Price/SF		\$3.70	29.67	\$5.90	\$7.22
Land to building ratio	1.77	0.98	1.51	1.07	5.17
Adjustments					
Market Conditions	%0.0	00:00	0.00	0.00	00:00
Adjusted for Market Conditions		\$3.70	\$0.67	\$5.90	\$7.22
Coation		-0.10	00:0	-0.25	00:0
Access		0.00	0.00	0.00	0.00
Visibility		0.00	0.00	0.05	0.00
Year Built/Condition		0.10	0.10	-0.05	0.10
Gross Building Area (SF)		0.00	-0.10	-0.05	-0.10
Current Listing		0.00	0.00	00.00	-0.35
Net adjustment		1.00	1.00	0.70	0.65
Gross adjustinent		0.50	0.5.0	01.0	0.0
Indication of value (Price/SF)		\$3.70	\$0.67	\$4.13	\$4.69

## Discussion of the Adjustments

A discussion of the adjustment analysis for differences with the subject follows.

**Property Rights Conveyed:** An adjustment is required if the property rights for the comparable properties are different from the subject. Comparable Nos. 1, 2 and 3 are fee simple transaction. Comparable No. 4 is a current listing and assumes fee simple property rights. Therefore, no adjustment was required for Comparable Nos. 1 through 4.

*Financing Terms:* Comparable Nos. 1, 2 and 3 were sold or assumed to be sold based upon cash terms or cash equivalent terms. Comparable No. 4 is a current listing and assumes cash terms or cash equivalent terms. Therefore, no adjustment was required for Comparable Nos. 1 through 4.

Condition of Sale: This category requires that each comparable property must be an arm's length transaction. Comparable Nos. 1, 2 and 3 were considered to be arm's length transactions. Comparable No. 4 is a current listing and assumes an arm's length transactions. Therefore, no adjustment was required for Comparable Nos. 1 through 4.

*Market Conditions:* This element of comparison considers changes in market conditions between the sale date of the comparable and the date of value for the subject. Comparable Nos. 1, 2 and 3 were recent sales. Comparable No. 4 is a current listing. Therefore, no adjustment was required for Comparable Nos. 1 through 4.

**Location:** This adjustment considers the surrounding neighborhood. The subject's immediate neighborhood is considered to be in a stage of stability. Comparable Nos. 1 and 3 are located in the City of Battle Creek and the City of Kalamazoo, which is considered superior to the subject location and a downward adjustment is required. Comparable Nos. 2 and 4 are located in the City of Charlotte and the Village of Constantine, which is considered similar to the subject and no adjustment is required.

**Access:** This adjustment considers the overall accessibility and ease to get to the subject site. The subject is considered to have average access. Comparable Nos. 1 through 4 are similar to the subject and no adjustment is required.

*Visibility:* This adjustment is primarily a function of visibility along primary thoroughfares. Properties with visibility from primary roadways are typically preferred. The subject has a corner location and has visibility on N. Prospect Street, S. Main Street and E. Hatch Street. Comparable

Nos. 1, 2 and 4 are considered similar to the subject and no adjustment is required. Comparable No. 3 is located on a cul-de-sac, which is considered inferior and an upward adjustment is required.

Year Built/Condition: This is a composite adjustment considering both the average age of the improvements and their condition. The subject property consists of a shell building. There is no interior finish, windows, heating/cooling, plumbing fixtures or electrical fixtures in the building. According to public records, portions of the building were built in 1922. The year built for some of the building was not available. The current owner has sandblasted the interior, repaired floors where needed, installed a new roof covering on the building (except lean-to), tuck-pointing the concrete block and brick, and partially completed some interior wood framing. Even after the improvements, the building is not move-in ready, but the interior is demolished and is ready for development. Therefore, it is considered to be in fair condition.

Comparable No. 1 has structural issues, but has had some recent improvements. Comparable No. 2 is an older building with exposed ceilings and walls. Comparable No. 4 has a renovated apartment on the second floor, but the first floor has not been renovated and has exposed walls and ceilings. Therefore, Comparable Nos. 1, 2 and 4 are considered to be in fair condition with no recent renovation, and an upward adjustment is required. Comparable No. 3 has had renovations to half of the building. It is considered move-in ready and in average condition. Therefore, a downward adjustment is required.

**Building Size:** Generally, smaller buildings will sell at higher unit rates than larger properties because of the higher demand for smaller properties (a smaller equity investment is required). The subject property contains 103,337 SF of gross building area. Comparable No. 1 is considered similar and no adjustment is required. Comparable Nos. 2, 3 and 4 have less gross building area and a downward adjustment is required.

Current Listing: Comparable Nos. 4 is a current listing. This adjustment takes into consideration the amount and number of price reductions. Comparable No. 4 has been listed for sale since November 25, 2014 and the listing price has been reduced twice. The original listing price was \$210,000, and then reduced to \$199,000, then reduced to \$189,000 and again to \$179,000. The listing price for Comparable No. 4 is still above market and a downward adjustment is required.

*Summary:* Before adjustments, Comparable Nos. 1 through 4 indicates a range in sale price from \$25,000 to \$360,000. The following table provides a range of value for the subject property based upon Comparable Nos. 1 through 4 after adjustments.

Value Range Indicators				
(Applied to 103,337 SF at subject property)				
Comparable No.	Unit Rate	Indicated Value		
2	\$0.67	\$69,236		
1	\$3.70	\$382,347		
3	\$4.13	\$426,782		
4	\$4.69	\$484,651		

Comparable Nos. 1 and 3 were given the most emphasis. Comparable Nos. 2 and 4 were given secondary consideration. The indicated value of the fee simple estate, *without consideration of the draft license and release agreement*, as of September 14, 2015 is \$390,000. This is equivalent to \$3.77/SF.

## SALES COMPARISON APPROACH - January 29, 2016

The client has also requested an opinion of market value as of the date of inspection, which is January 29, 2016. We have assumed that there have been no legal, financial, or physical changes to the site or building from September 14, 2015 to January 29, 2016. Furthermore, the market conditions have not changed either. Therefore, the indicated value of the fee simple estate *without consideration of the draft license and release agreement*, as of January 29, 2016, is \$390,000. This is equivalent to \$3.77/SF.

#### INCOME CAPITALIZATION APPROACH

The income approach to value converts anticipated future benefits of ownership, typically income received during a holding period, into a value estimate. The anticipated future income is converted, or discounted, to a present value by applying an appropriate capitalization or yield rate. The subject property is located in a residential and industrial area; however, the subject property is a shell building, with concrete floors and open ceilings and walls. The income capitalization approach was not completed for this appraisal because of the lack of comparable data that would accurately reflect the characteristics of the subject property.

## RECONCILIATION AND FINAL VALUE ESTIMATE

The purpose of this Appraisal Report is to determine the market value of the fee simple estate, without consideration of the draft license and release agreement as of September 14, 2015 and January 29, 2016 based upon the condition of the building as of those dates. The indicated market value, by approach, and date of value is as follows:

	<u>September 14, 2015</u>	January 29, 2016
Cost Approach	n/a	n/a
Sales Comparison Approach	\$390,000	\$390,000
Income Capitalization Approach	n/a	n/a

Based upon the previous analyses, the market value of the fee simple estate, *without consideration* of the draft license and release agreement, as of September 14, 2015 is \$390,000.

Based upon the previous analyses, the market value of the fee simple estate, *without consideration* of the draft license and release agreement, as January 29, 2016 is \$390,000.

The market value opinion with an effective date of September 14, 2015 is based on the extraordinary assumption there were no significant changes to the site or building between the date of value (9/14/15) and the date of inspection (1/29/16). If this is incorrect, the value conclusion could be impacted.

## EXPOSURE AND MARKETING TIMES

The exposure times for the comparable properties (refer to the sales comparison approach) to the subject are summarized in the following table.

Exposure Time Examples				
Comp No.	<u>Location</u>	Listing Date/Price	Sale Date/Price	Time Period
1	86 S. Division Street Battle Creek, MI	5/1/2012 \$449,000	11/20/2015 \$330,000	42 months
2	401 N. Cochran Avenue Kalamazoo, MI	7/12/2013 \$89,900	7/10/2014 \$25,000	12 months
3	400 Bryant Street Kalamazoo, MI	6/30/2014 \$360,000	6/30/2014 \$360,000	N/A
4	455 E. Water Street Village of Constantine, MI	11/25/2014 \$210,000	Current Listing N/A	15 months

These sales required exposure periods from between 12 and 42 months before sales were completed. The time period covered by the comparables is from May 2012 to November 2015, and would reflect supply and demand factors during this time period. It is reasonably probable that a sale of the appraised property could be consummated within a 12 to 42 month period assuming

adequate, sufficient and reasonable marketing. This includes both the exposure time prior to the date of value, and a required marketing period after the date of value.

### COMPENSATION – DRAFT LICENSE AND RELEASE AGREEEMENT

Within this section of the report, we will estimate the compensation for the draft license to access the subject property for Newell Rubbermaid (Newell) for the right to enter upon and conduct remediation, maintenance, and other work on the property. A complete copy of the draft license and release agreement is located in the Addendum. The remediation plan includes four access periods.

The compensation is based upon gaining access to the subject property in 2016. We do not expect a significant change in the market conditions or the subject property during the access period. The primary demand generator for real estate development is the increase in population and household income. As stated in the market analysis, the City of Sturgis population and median household income from 2015 to 2020 will have minimal growth. Therefore, we do not expect a significant change for compensation if access occurs between 2016 and 2020. If the highest and best use of the subject property changes during the access period (65 months), the compensation will need to be revised.

Compensation for the draft license and release agreement is estimated on a daily rental basis. The rental rate is calculated by multiplying the market value by an overall capitalization rate, plus operating expenses to arrive at a daily rental rate. If the highest and best use changes during the access period (65 months) then the compensation will change. The calculation for the daily rental rate is provided in the following table.

Daily Rental Rate for Access			
Market Value of Subject Property		\$390,000	
Capitalization Rate	×	9.0%	
Annual NOI		\$35,100	
Operating Expenses			
Real Property Taxes		\$4,559	
Insurance		\$6,200	
Management		\$8,267	
Annual Operating Expenses	+	\$19,026	
Total Annual Gross Rent		\$54,126	
Daily Gross Rent		\$148	

The compensation for each access period is estimated as follows:

1. Engineering and Design Access - A temporary, *non-exclusive* draft license for one full day between May 1, 2016 and May 31, 2016. The calculation is as follows.

Engineering and Design Access				
Daily Rental Rate		\$148		
No. of Days	×	<u>1</u>		
Total		\$148		

2. Phase I Access Period – A temporary, *exclusive* draft license commencing on August 1, 2016 and continuing through November 30, 2016. The exclusive draft license may prohibit any and all persons from occupying or otherwise gaining access to the east portion of the subject property, where the building improvements are located. There are 122 days in this access period. The calculation is as follows.

Phase 1 Access Period		
Daily Rental Rate		\$148
No. of Days	×	<u>122</u>
Total		\$18,056

3. Phase II Access Period – A temporary, *non-exclusive* draft license for Newell to access the subject property with persons and equipment commencing on December 1, 2016 through January 31, 2021, to perform Phase II work on the subject property, along with the right to record a restrictive covenant against the property prohibiting excavation in certain areas. Newell shall have the right to access and enter the property on weekdays between the hours of 6:00 am and 8:00 pm. Newell anticipates entering the subject property on a daily basis for the period December 1, 2016 to January 31, 2017, three days per week from February 1, 2017 to July 31, 2017, and one day per week from August 1, 2017 through January 31, 2021. There are 304 days in this access period. The calculation is as follows.

Phase 2 Access Period				
Daily Rental Rate		\$148		
No. of Days	×	<u>304</u>		
Total		\$44,992		

4. Phase III Access Period – A temporary, *non-exclusive* draft license for Newell to gain access to and the right to ender the subject property with persons and equipment commencing on June 1,

2021 and continuing through August 31, 2021, to perform Phase III work on the subject property. Newell anticipates entering the subject property a minimum of three times per week from June 1, 2021 to August 31, 2021 on weekdays. The Phase III work may limit owner's access to portions of the subject property for a period not to exceed 14 days, to allow for completion of the Phase III work. Although Newell anticipates entering the subject property a minimum of three times per week, they have the right to enter during all weekdays. There are 66 weekdays in this period. The calculation is as follows:

Phase 3 Acc	ess Period	
Daily Rental Rate		\$148
No. of Days	×	<u>66</u>
Total		\$9,768

The compensation owed to the property owner (Kirsch Lofts, LLC) for the right to enter upon, conduct remediation, maintenance and other work as defined in the draft license and release agreement for 65 months beginning May 1, 2016 is:

Compensation for Access			
Phase			
Engineering and Design		\$148	
Phase 1		\$18,056	
Phase 2		\$44,992	
Phase 3	+	<u>\$9,768</u>	
Total		\$72,964	

## SECTION X. CERTIFICATION

The undersigned certify that, to the best of their knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon the developing or reporting of predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal, such as the outcome of this case in which this report will be relied upon. Our compensation is based upon the following hourly rates: \$190/hour (Principal), \$140 (Senior Associate), and \$50 (Administrative Assistant). Services required subsequent to completing the appraisal, which include but are not limited to, depositions and expert testimony will be billed at an hourly rate of \$190/hour.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- We have completed a personal inspection of the property that is the subject of this report.
- No one other than Ms. Michelle Y. Billardello, State Certified General Appraiser (Mich. ID# 1201071240) and Michael A. Tyska, MAI, State Certified General Appraiser (Mich. ID# 1201071392) provided significant assistance to the person signing this report.
- We have not provided appraisal services for the subject property within the past three years.
- That the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Jeffrey G. Genzink, MAI has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Michael A. Tyska, MAI has completed the continuing education program of the Appraisal Institute, and Michelle Y. Bilardello has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

Jeffrey G. Genzink, MAI

Certified General Real Estate Appraiser

MUM

## SECTION XI. ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions and limiting conditions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described, and considered in the appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

## ASSUMPTIONS AND LIMITING CONDITIONS (cont.)

- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

## SECTION VI. A D D E N D U M

Aerial View
Subject Photographs
Assessment Records
Regional Area Data
Legal Description
Flood Plain Map
Survey
Building Sale Comparables
Draft License and Release Agreement
Proposed Development Plans
Appraiser Qualifications and Licenses
List of Testimony (Trials and Depositions) by
Jeffrey G. Genzink, MAI

# **Aerial View**



Source: Pictometry

Subject Photographs



Street view of Hatch Street facing west.



Street view of Hatch Street facing east.



Street view of Fourth Street facing north.



Street view of N. Prospect Street facing north.



Street view of N. Prospect Street facing south.



Parking lot facing southwest.



South boundary of parking lot facing east.



Street view of Main Street facing west.



View of building facing southeast.



View of building facing northeast.



View of building facing east.



View of building facing north.



View of building facing southwest.



View of building facing west.



View of location of 1st monitoring well.



View of location of 2nd monitoring well.



First Floor Pool.



First Floor.



First Floor.



Ceiling of First Floor.



First Floor.



Stairs from First Floor to Second Floor.





Second Floor.

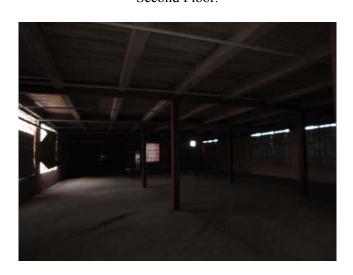
Second Floor.





Second Floor.

Stairway.





Second Floor

Second Floor Ceiling.





Third Floor.







Third Floor.



Third Floor.

Third Floor windows.





Third Floor Ceiling.

Third Floor.

**Assessment Records** 

## **General Property Information**

## **City of Sturgis**

[Back to Non-Printer Friendly Version] [Send To Printer]

Parcel: 052 200 024 00 Unit: CITY OF STURGIS Data Current As Of: 4/20/2016 9:37:52 PM

**Property Address** [collapse]

308 N PROSPECT STURGIS, MI 49091

**Owner Information** [collapse]

KIRSCH LOFTS, LLC 148 S. RIVER AVE, SUITE 100 HOLLAND, MI 49423

**Unit:** 052

**Taxpayer Information** [collapse]

SEE OWNER INFORMATION

**General Information for Tax Year 2016** [collapse]

Property Class:301 - INDUSTRIALAssessed Value:School District:75010 - 10 STURGISTaxable Value:State Equalized Value:\$75,200Map #

USER NUM IDX 0

Assessed Value: \$75,200

Taxable Value: \$54,110

Map # 27

Pate of Last Name Chair

00/41/26

Date of Last Name Chg: 09/11/2012

Date Filed:

Notes: N/A

Historical District: N/A Census Block Group: N/A

Principal Residence Exemption June 1st Final 2016 - 0.0000 %

**2015** 0.0000 % 0.0000 %

2013

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2015	\$71,100	\$71,100	\$53,949
2014	\$53,100	\$53,100	\$53,100

Land Information [collapse]

 Frontage
 Depth

 Lot 1:
 0.00 Ft.
 0.00 Ft.

 Lot 2:
 0.00 Ft.
 0.00 Ft.

 Lot 3:
 0.00 Ft.
 0.00 Ft.

**Total** 0.00 Ft. **Average Depth:** 0.00 Ft.

Total Acreage: 3.66

**Zoning Code:** 

**Total Estimated Land Value:** \$31,763 **Mortgage Code:** 

Land Improvements: \$0 Lot Dimensions/Comments:

Renaissance Zone: NO

Renaissance Zone Expiration

Date:

## **Legal Information for 052 200 024 00 [collapse]**

BLK 55 EXCEPT W 131.33 FT LOT 9 & THAT PORTION OF 4TH T STREET VACATED N OF S LN LOT 15 BLK 6 ALSO LOTS 11,14,15,16, BLK 6. DRAKES 2ND. CITY OF STURGIS. THIS PARCEL BEING LOCATED WEST OF N. PROSPECT STREET. 30.5 FT TH SELY 30 FT M/L TO PT ON W LN OF 4TH ST 12 FT S OF POB TH N ALG W LN OF ST 12 FT TO POB. BEING A TRIANG PAR OUT OF NE COR LOT 15. DRAKES 2ND ADD. CITY OF STURGIS.

#### **Sales Information**

5	5 sale record(s) found.						
	Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page
	07/10/2009	\$3,000.00	WD	1983 FINANCE COMPANY, LLC	KIRSCH LOFTS, LLC	NOT TYPICAL	1539/909
	07/27/2007	\$0.00	QC	ROSE LAND & FINANCE CORP	1983 FINANCE COMPANY, LLC	NOT TYPICAL	1466/705
+	11/30/2006	\$0.00	SD	DREWER DUSTIN N	ROSE LAND & FINANCE CORP	FORECLOSURE	1410/560
	03/31/2005	\$50,000.00	WD	GPE INC	DREWER DUSTIN N	ARMS LENGTH	1356/013
	03/01/2005	\$0.00	QC	FIRST NATIONAL BANK OF AMERICA	GPE INC	ARMS LENGTH	1356/011

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## **Building Information**

## **City of Sturgis**

[Back to Non-Printer Friendly Version] [Send To Printer]

Parcel: 052 200 024 00

<b>Description</b> ↑		Floor Area	Yr Built	Est. TC\
Commercial/Industrial Building 1 - Office Building		28875 Sq. Ft.	1922	\$62,82
General Information	, 1 Office Building	20070 0411 (1	1722	<del>402/02</del>
Floor Area:	28875 Sq. Ft. Office Building	Estimated TCV: Class:	\$62,827 C	
Occupancy: Stories Above Ground: Basement Wall Height:	3 N/A	Average Story Height:	9	
Year Built:	1922 100%	Year Remodeled:	1959 Package H	eating &
Percent Complete: Physical Percent Good: Economic Percent Good:	42% 50%	Heat: Functional Percent Good Effective Age:	Cooling 30% 70 yrs.	
Commercial/Industrial Building Manufacturing	g 2 - Industrial, Light	20460 Sq. Ft.	1922	\$18,72
General Information				
Floor Area: Occupancy:	20460 Sq. Ft. Industrial, Light Manufact	Estimated TCV: uring Class:	\$18,724 C	
Stories Above Ground: Basement Wall Height:	3 N/A	Average Story Height:	9	
Year Built: Percent Complete:	1922 100%	Year Remodeled: Heat:	1959 Space Heaters,	
Physical Percent Good: Economic Percent Good:	37% 50%	Functional Percent Good Effective Age:	Gas with F 30% 62 yrs.	an
Commercial/Industrial Building	g 3 - Warehouse, Storage	10179 Sq. Ft.	0	\$5,60
General Information				
Floor Area: Occupancy:	10179 Sq. Ft. Warehouse, Storage	Estimated TCV: Class:	\$5,600 C	
Stories Above Ground: Basement Wall Height: Year Built:	3 N/A 0	Average Story Height: Year Remodeled:	9	
Percent Complete:	100%	Heat:	Space Heaters,	
Physical Percent Good: Economic Percent Good:	37% 50%	Functional Percent Good Effective Age:	Gas with F 30% 62 yrs.	an
Commercial/Industrial Building	g 4 - Warehouse, Storage	38280 Sq. Ft.	0	\$20,360
General Information				
Floor Area: Occupancy:	38280 Sq. Ft. Warehouse, Storage	Estimated TCV: Class:	\$20,366 C	
Stories Above Ground: Basement Wall Height:	3 N/A	Average Story Height:	9	
Year Built: Percent Complete:	0 100%	Year Remodeled: Heat:	0 Space Hea Gas with F	

## 5/18/2016 Case 1:15-cv-00597-RJJ ECF No. 88-13, Raggestorgle 980 Filed 07/01/16 Page 72 of 145

Physical Percent Good:37%Functional Percent Good:30%Economic Percent Good:50%Effective Age:62 yrs.

Commercial/Industrial Building 5 - Warehouse, Storage	2800 Sq. Ft.	0	\$1,607
---	--------------	---	---------

Floor Area: 2800 Sq. Ft. Estimated TCV: \$1,607

Occupancy: Warehouse, Storage Class: C

Stories Above Ground: 1 Average Story Height: 10 Basement Wall Height: N/A

Year Built: 0 Year Remodeled: 0

Percent Complete: 100% Heat: Space Heaters,

Physical Percent Good: 37% Functional Percent Good: 30%

**Economic Percent Good:** 50% **Effective Age:** 62 yrs.

Commercial/Industrial Building 6 - Warehouse, Storage 2030 Sq. Ft. 0 \$1,464

#### **General Information**

**Floor Area:** 2030 Sq. Ft. **Estimated TCV:** \$1,464

Occupancy: Warehouse, Storage Class: C

Stories Above Ground: 1 Average Story Height: 10

**Basement Wall Height:** N/A **Year Built:** 0 **Year Remodeled:** 0

Percent Complete:100%Heat:Space Heaters,<br/>Gas with Fan

Physical Percent Good:37%Functional Percent Good:30%Economic Percent Good:50%Effective Age:62 yrs.

☐ Commercial/Industrial Building 7 - Warehouse, Storage 3379 Sq. Ft. 0 \$2,059

## **General Information**

**Floor Area:** 3379 Sq. Ft. **Estimated TCV:** \$2,059

Occupancy: Warehouse, Storage Class: C

Stories Above Ground: 1 Average Story Height: 10

Basement Wall Height: N/A

Year Built: 0 Year Remodeled: 0

 Percent Complete:
 100%
 Heat:
 Space Heaters, Gas with Fan

Physical Percent Good:37%Functional Percent Good:30%Economic Percent Good:50%Effective Age:62 yrs.

Commercial/Industrial Building 8 - Warehouse, Storage 2022 Sq. Ft. 0 \$1,205

#### **General Information**

Floor Area: 2022 Sq. Ft. Estimated TCV: \$1,205

Occupancy: Warehouse, Storage Class: C

Stories Above Ground: 1 Average Story Height: 10

Basement Wall Height: N/A

Year Built: 0 Year Remodeled: 0

Percent Complete:100%Heat:Space Heaters,<br/>Gas with Fan

Physical Percent Good:37%Functional Percent Good:30%Economic Percent Good:50%Effective Age:62 yrs.

Commercial/Industrial Building 9 - Warehouse, Storage 11889 Sq. Ft. 0 \$4,842

# 5/18/2016 Case 1:15-cv-00597-RJJ ECF No. 88-13, Raggestorgls981 Filed 07/01/16 Page 73 of 145

General Information			
Floor Area: Occupancy:	11889 Sq. Ft. Warehouse, Storage	Estimated TCV: Class:	\$4,842 C
Stories Above Ground: Basement Wall Height:	3 N/A	Average Story Height:	10
Year Built:	0	Year Remodeled:	0
Percent Complete:	100%	Heat:	Space Heaters Gas with Fan
Physical Percent Good:	37%	<b>Functional Percent Good:</b>	30%
<b>Economic Percent Good:</b>	50%	Effective Age:	62 yrs.

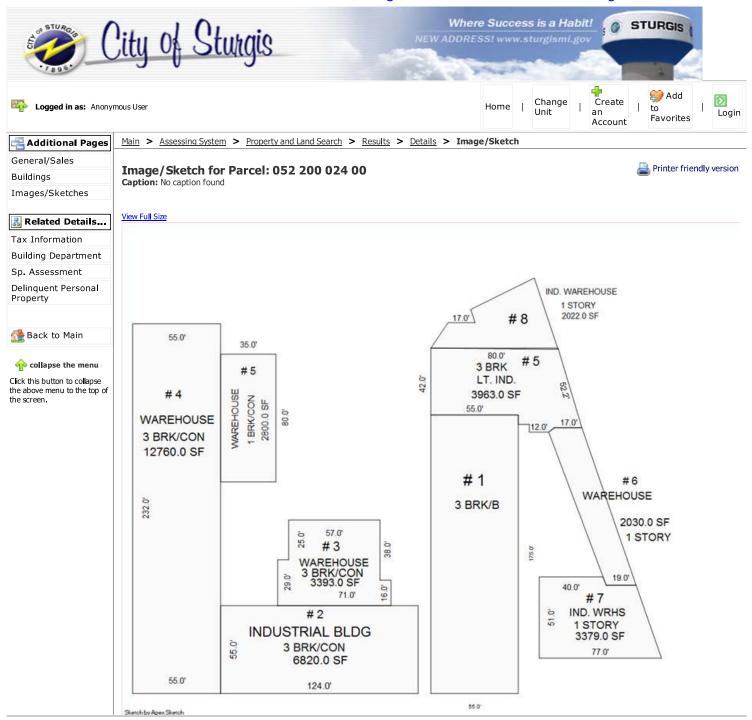
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### **General Property Information**

**City of Sturgis** 

[Back to Non-Printer Friendly Version] [Send To Printer]

Parcel: 052 250 028 00 Unit: CITY OF STURGIS Data Current As Of: 4/20/2016 9:37:52 PM

Property Address [collapse]

415 E MAIN STREET STURGIS, MI 49091

**Owner Information** [collapse]

KIRSCH LOFTS LLC 148 S. RIVER AVE STE 100 HOLLAND, MI 49423 **Unit:** 052

**Taxpayer Information** [collapse]

SEE OWNER INFORMATION

**General Information for Tax Year 2016** [collapse]

Property Class:302 - INDUSTRIALSchool District:75010 - 10 STURGISState Equalized Value:\$5,200

USER NUM IDX 0

 Assessed Value:
 \$5,200

 Taxable Value:
 \$5,200

 Map #
 27

11/23/2013

Map #
Date of Last Name Chg:

Date Filed:

Notes: N/A

Historical District: N/A Census Block Group: N/A

Principal Residence Exemption June 1st Final

**2016** 0.0000 % -

**2015** 0.0000 % 0.0000 %

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2015	\$5,200	\$5,200	\$5,200
2014	\$9,800	\$9,800	\$9,800

Land Information [collapse]

 Frontage
 Depth

 Lot 1:
 150.00 Ft.
 153.00 Ft.

 Lot 2:
 0.00 Ft.
 0.00 Ft.

 Lot 3:
 0.00 Ft.
 0.00 Ft.

**Total** 150.00 Ft. **Average Depth:** 153.00 Ft.

**Total Acreage:** 0.53

**Zoning Code:** 

**Total Estimated Land Value:** \$10,496 **Mortgage Code:** 

Land Improvements: \$0 Lot Dimensions/Comments:

Renaissance Zone: NO

Renaissance Zone Expiration

Date:

**Legal Information for 052 250 028 00** [collapse]

LOTS 29 & 30 & 31 GREEN LAWN ADD. ALSO VACATED ALLEY ADJACENT TO S SIDE OF LOTS 29, 30, & 31. CITY OF STURGIS.

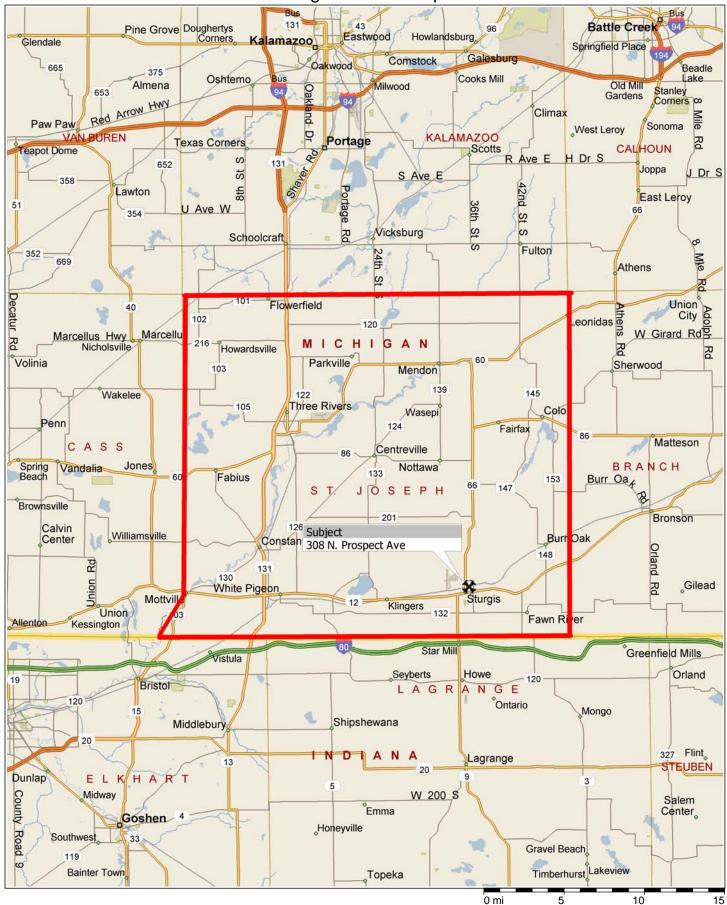
### **Sales Information**

5 sale record(s) found.									
Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page			
07/10/2009	\$3,000.00	WD	1983 FINANCE COMPANY LLC	KIRSCH LOFTS LLC	NOT TYPICAL	1539/909			
07/27/2007	7 \$0.00	QC	ROSE LAND & FINANCE CORP	1983 FINANCE COMPANY LLC	NOT TYPICAL	1466/705			
<u>+</u> 11/30/2000	5 \$0.00	SD	DREWER DUSTIN N	ROSE LAND & FINANCE CORP	FORECLOSURE	1410/560			
03/31/200	5 \$0.00	WD	GPE INC	DREWER DUSTIN N	ARMS LENGTH	1356/013			
03/01/200	5 \$0.00	QC	FIRST NATIONAL BANK OF AMERICA	GPE INC	NOT TYPICAL	1356/011			

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Regional Area Data

Regional Area Map



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# 2015 Regional Area Data

### Introduction:

St. Joseph County is located in the south central area of Michigan, northeast of South Bend, Indiana and south of Kalamazoo. The City of Sturgis is the largest metropolitan area in the county and the Village of Centreville is the county seat. The remainder of the county is primarily agricultural.

# Transportation:

Interstate 94 is a four-lane highway servicing St. Joseph County. US 12 is an east/west travel route, which connects I-94 near New Buffalo with Detroit. US 131 is a north/south four-lane highway servicing St. Joseph County.

The nearest airport is the Kalamazoo/Battle Creek International Airport which has domestic flights from Kalamazoo, Michigan. The airport services general aviation and local private pilots flying for personal, business or recreation.

# Population:

Between 2010 and 2015, the population for St. Joseph County and the United States increased slightly, compared to the negative growth that occurred in the State of Michigan. The ESRI forecast indicates a continued increase in population in St. Joseph County over the next five years as shown in the following table.

Population									
<u>Area</u>	2010 <sup>(1)</sup>	2015 <sup>(2)</sup>	Total % Change	Average Annual <u>% Change</u>	2020 <sup>(2)</sup>	Total <u>% Change</u>	Average Annual <u>% Change</u>		
St. Joseph County	61,295	61,781	0.28%	0.09%	62,630	0.34%	0.07%		
State of Michigan	9,883,640	9,870,786	-0.13%	-0.04%	9,944,000	0.74%	0.15%		
United States	308,745,538	318,536,439	3.17%	1.06%	330,622,575	3.79%	0.76%		

<sup>(1) 2010</sup> Census

<sup>(2)</sup> ESRI Forecast

Regional Area Data - Page 2

# Employment:

The St. Joseph County employment base is relatively diversified, with a heavier emphasis on manufacturing when compared to the national average. The following table provides a breakdown of major industry employers:

2015 Major Industry Employers							
	St. Joseph	State of	United				
Industry	<u>County</u>	Michigan	States				
Agriculture, Forestry, Fishing and Hunting	2.7%	1.0%	0.8%				
Mining	0.2%	0.1%	0.2%				
Utilities	0.3%	0.2%	0.2%				
Construction	9.0%	8.7%	8.5%				
Manufacturing	6.0%	4.3%	3.4%				
Wholesale Trade	4.2%	3.8%	3.9%				
Retail Trade	14.6%	15.0%	14.9%				
Transportation/Warehousing	2.8%	2.2%	2.4%				
Information	1.5%	1.8%	1.9%				
Finance/Insurance	7.1%	7.2%	7.4%				
Real Estate/Rental/Leasing	4.9%	4.8%	5.4%				
Professional, Scientific and Technical Services	5.1%	8.2%	8.6%				
Management of Companies/Enterprises	0.1%	0.1%	0.1%				
Admin., Support and Waste Mgmt Services	3.2%	4.3%	4.2%				
Educational Services	3.2%	2.7%	2.5%				
Health Care/Social Assistance	6.3%	8.3%	7.7%				
Arts/Entertainment/Recreation	1.9%	2.0%	1.9%				
Accommodation/Food Services	5.9%	6.5%	6.8%				
Other Services	14.2%	12.8%	12.4%				
Public Administration	5.2%	3.6%	3.5%				

Source: ESRI Forecast

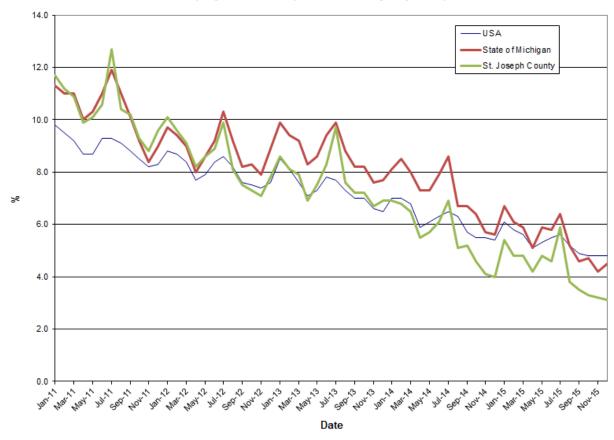
Unemployment rates (not seasonally adjusted) for St. Joseph County and the State of Michigan decreased from 2010 to 2015. In the United States the unemployment rates also decreased from 2011 to 2015. St. Joseph County has maintained an unemployment rate similar to the national average for the past three years, and below the unemployment rate in the state of Michigan. The following table provides the annual historical unemployment rates and the chart provides the monthly historical unemployment rates.

Regional Area Data - Page 3

Unemployment - Not Seasonally Adjusted									
	2011	2012	2013	2014	2015				
	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>				
St. Joseph County	10.4%	8.5%	7.7%	5.6%	4.3%				
State of Michigan	10.4%	9.1%	8.8%	7.2%	5.4%				
United States	8.9%	8.1%	7.4%	6.2%	5.3%				

Source: Michigan Department of Energy, Labor & Economic Growth

### Unemployment Rates (Not Seasonally Adjusted)



# Income:

The median household income in St. Joseph County has increased at a slightly higher rate than the State of Michigan and the national average. Median household income data is provided in the following table:

### Regional Area Data - Page 4

Median Household Income								
Area St. Joseph County	2015 <sup>(1)</sup> \$42,995	2020 (2) \$50,422	Total <u>% Change</u> 17.8%	Average Annual <u>% Change</u> 3.56%				
State of Michigan	\$49,402	\$56,701	14.8%	2.95%				
United States	\$53,217	\$60,683	14.0%	2.81%				

<sup>(1) 2010</sup> Census

# Housing Units:

The following table considers housing data for permanent residents in St. Joseph County. There was a slight increase in the total housing units, renter occupied housing units and vacant housing units from 2010 to 2015, while the owner occupied units decreased slightly. It is likely that the increase in vacant units is due to the large amount of foreclosures of property in the last few years.

	Total Housing Units - St. Joseph County											
Occupied	<u>201</u>	0 (1)	<u>201</u>	5 <sup>(2)</sup>	Total <u>% change</u>	Average Annual % change	2020	) <sup>(3)</sup>	Total % change	Average Annual <u>% change</u>		
Occupied -Owner Occupied	17,523	63.1%	17,470	61.8%	-0.3%	-0.10%	17,700	62.04%	0.2%	0.05%		
-Renter	5,721	20.6%	6,073	21.5%	6.2%	2.05%	6,187	21.26%	-1.2%	-0.24%		
Vacant	4,534	16.3%	<u>4,728</u>	16.7%	4.3%	1.43%	<u>4,741</u>	16.70%	-0.3%	-0.06%		
Total	27,778		28,271		1.8%	0.59%	28,224		-0.2%	-0.03%		

<sup>(1) 2010</sup> Census (2) ESRI Forecast

### Summary:

St. Joseph County is located in close proximity to major markets, including Kalamazoo and South Bend, Indiana. It is well served by a good network of highways and other modes of transportation. The heavier emphasis on manufacturing and education in the employment base has been challenged by the Great Recession both statewide and nationally. However, there has been some positive news for St. Joseph County as well. South Bend, Indiana will be home to a new FedEx Distribution Center. The City of Sturgis will see the groundbreaking of a new Meijer store. There is also a plan to rehabilitate downtown structures. There is a new Wings, Etc. restaurant anchoring a redevelopment project that is anticipated to include office, retail, and residential apartment units on the upper floors. The Moso Village Project anticipates Phase one to be a 40,000 SF mixed use building with office, retail and restaurant space. Two locally owned businesses are also expanding their manufacturing base in Sturgis, including Burr Oak Tool & Gauge and Sturgis Molded Products. A new senior center, The Doyle Center will be constructed, with opening anticipated in summer of 2015.

<sup>(2)</sup> ESRI Forecast

Legal Description

The property is located in City of Sturgis, St. Joseph County, Michigan and is described as follows:

# Parcel Number 052-200-024-00

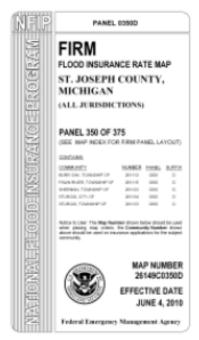
BLK 55 EXCEPT W 131.33 FT LOT 9 & THAT PORTION OF 4TH T STREET VACATED N OF S LN LOT 15 BLK 6 ALSO LOTS 11,14,15,16, BLK 6. DRAKES 2ND. CITY OF STURGIS. THIS PARCEL BEING LOCATED WEST OF N. PROSPECT STREET. 30.5 FT TH SELY 30 FT M/L TO PT ON W LN OF 4TH ST 12 FT S OF POB TH N ALG W LN OF ST 12 FT TO POB. BEING A TRIANG PAR OUT OF NE COR LOT 15. DRAKES 2ND ADD. CITY OF STURGIS.

### Parcel Number 052-200-028-00

LOTS 29 & 30 & 31 GREEN LAWN ADD. ALSO VACATED ALLEY ADJACENT TO S SIDE OF LOTS 29, 30, & 31. CITY OF STURGIS.

Flood Plain Map

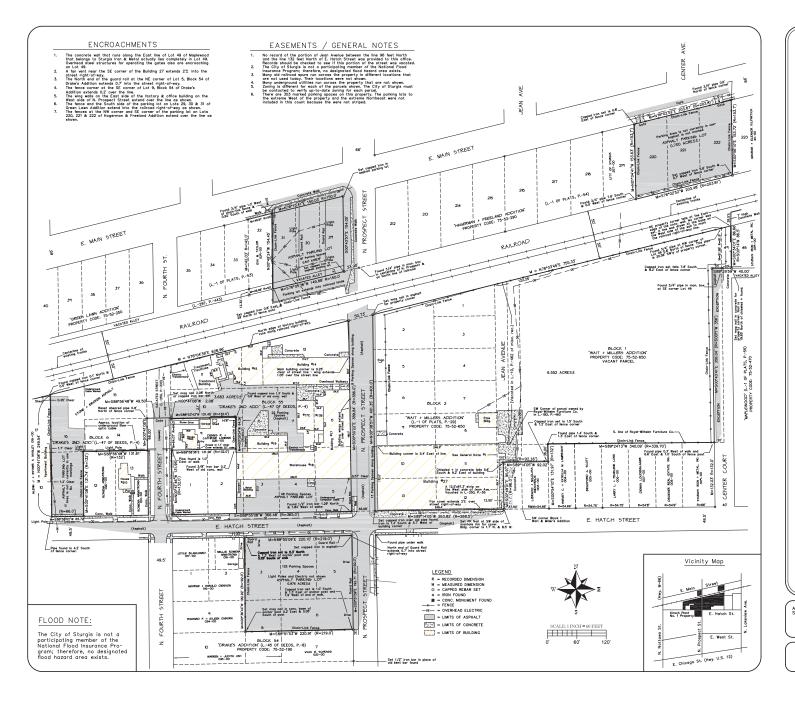




OTHER AREAS

ZONE X Areas determined to be outside of the 0.2% annual chance floodplain.

Survey



#### ALTA/ACSM LAND TITLE SURVEY

Survey of:

COOPER INDUSTRIES, INC. KIRSCH DIVISION - PLANT NO. 1

> 309 N. Prospect Street City of Sturgis St. Joseph County Michigan

#### LEGAL DESCRIPTION

SITUATED IN THE CITY OF STURGIS, ST. JOSEPH COUNTY, MICHIGAN:

- DRAKE'S ADDITION, ALSO SOMETIMES REFERRED TO AS DRAKE'S SECOND ADDITION, WITH RESPECT TO BLOCKS 6 AND 55:
- A. LOTS 11, 14, 15, AND 16, IN BLOCK 6, DRAKE'S ADDITION, ALSO CALLED DRAKE'S SECOND ADDITION. TO THE VILLAGE (NOW CITY) OF STURGIS, ACCORDING TO PLAT OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS FOR ST. JOSEPH COUNTY, MCHICAN IN LIBER 47 OF DEEDS, PAGE 4.
- B. LOTS 3, 4, 5, 6 AND THE NORTH 1/2 OF LOT 8, BLOCK 54, DRAKE'S SECOND ADDITION TO THE VILLAGE (NOW CITY) OF STURGIS, AS SHOWN BY PLAT OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS FOR ST. JOSEPH COUNTY, MICHIGAN IN LIBER 45 OF DEEDS, PAGE 8.
- C. LOTS 1, 2 EXCEPTING THE EAST 14 FEET, 8 INCHES OF SAID LOT 2, ALSO THE SOUTH 1/2 OF LOTS 4 AND 5, ALL IN BLOCK 50, DRAWES ADDITION (SOMETIMES NEED) AND ALL IN LIBER 1/2 OF LOTS 3, ACCOMBING TO RECOMBLY BLOCK TO FEED, AND ALL IN LIBER 1/2 OF LOTS 4 AND 5, ALLS OT THE EAST 14 FEET, 8 INCHES OF LOTS 4 AND 5, ALL IN SAID BLOCK 55.
- II. GREEN LAWN ADDITION

LOTS 29, 30 AND 31, GREEN LAWN ADDITION TO THE CITY OF STURGIS, ACCORDING TO PLAT OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS FOR ST. JOSEPH COUNTY, MICHIGAN IN LIBER 1 OF PLATS, PAGE 33.

LOTS 220, 221 AND 222, HAGERMAN AND FREELAND ADDITION TO THE CITY OF STURGIS, ACCORDING TO PLAT OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS FOR ST. JOSEPH COUNTY, MICHIGAN IN LIBER 1 OF PLATS, PAGE 54.

IV. WAIT AND MILLERS ADDITION

A STRP OF LAND 38 FEET IN WORTH OFF THE NORTH SIDE OF THE FOLLOWING:
BEGINNING AT THE SOUTHWEST CONTER OF BLOCK, I WAIT AND MILLER'S
ADDITION TO THE CITY OF STURIGS, ACCORDING TO PLAT OF RECORD IN THE
OFFICE OF THE RIGISTER OF DEEDS FOR ST. JOSEPH COUNTY, MICHEAN IN LIBER
FOR THE STREAM OF THE STREAM OF THE STREAM OF THE STREAM
5-469 FEET, THENCE NORTH 132 FEET, THENCE WEST 5-460 FEET TO THE EAST I
LIBER OF JEAN AREUNE, THENCE SOUTH ALONG THE EAST LINE OF JEAN AREUNE.

ASSESTED TO CONTROLL OF THE CONTROL OF THE CONTROL

ALSO A PARCEL DESCRIBED AS THAT PART OF JEAN AVENUE EXTENDING FROM THE SOUTH LINE OF THE RAILPOAD TO THE CONTINUATION OF THE LINE OF THE SOUTH PROPERTY LINE OF THE PROPERTY LINE OF THE PROPERTY FORMERLY OWNED BY THE ROYAL-WILHELM FURNITURE COMPANY EXTENDED WEST IN BLOCK 2 OF WAIT AND MILLER'S ADDITION TO THE CITY OF STURING, WHICH LINE IS ALSO THE SOUTH LINE MILLER'S ADDITION TO THE CITY OF STURING, WHICH LINE IS ALSO THE SOUTH LINE

ALSO, LOT 49, MAPLEWOOD SUBDIVISION, BEING A SUBDIVISION OF A PORTION OF BLOCK 1, WAIT AND MILER'S ADDITION TO THE CITY OF STURGIS, ACCORDING TO THE

ALSO, LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 AND 13, IN BLOCK 2, WAIT AND MILLER'S ADDITION TO THE CITY OF STURGIS, ACCORDING SAID PLAT OF RECORD.

RE: ST. JOSEPH COUNTY ABSTRACT OFFICE, INC., CENTREVILLE, MI. \*ST97-4829c

#### SURVEYOR'S CERTIFICATE

To Newell Co., Kirsch Inc., Stewort Title Guaranty Company and Cooper Industries, Inc. This is to script that this may not plat and the survey, or which it we becade made (i) in accordance with "Mammum Stemdord Betall Requirements for ALTA/ACSNL land ITE Surveys," Sintly established and adopted by ALTA and ACSNL 18 and pursuant to the Accuracy Standards (as adopted by ALTA and ACSNL and in effect on the sate of this certification) of a "Union" Survey.

David W. Mostrom Professional Surveyor #32339 State of Michigan Date of Survey: 05/19/1997 Date of Last Revision: 06/03/1997 -

Date of Survey: 05/19/1997 Date of Last Revision: 06/03/1997 - Title Company Revisions - Parking Spai

ADDRESS: 309 N. PROSPECT STREET STURGIS, MICHIGAN 49091 MOSTROM & ASSOC, SURVEY NO. ST4-14934

SHEET 1 OF 1

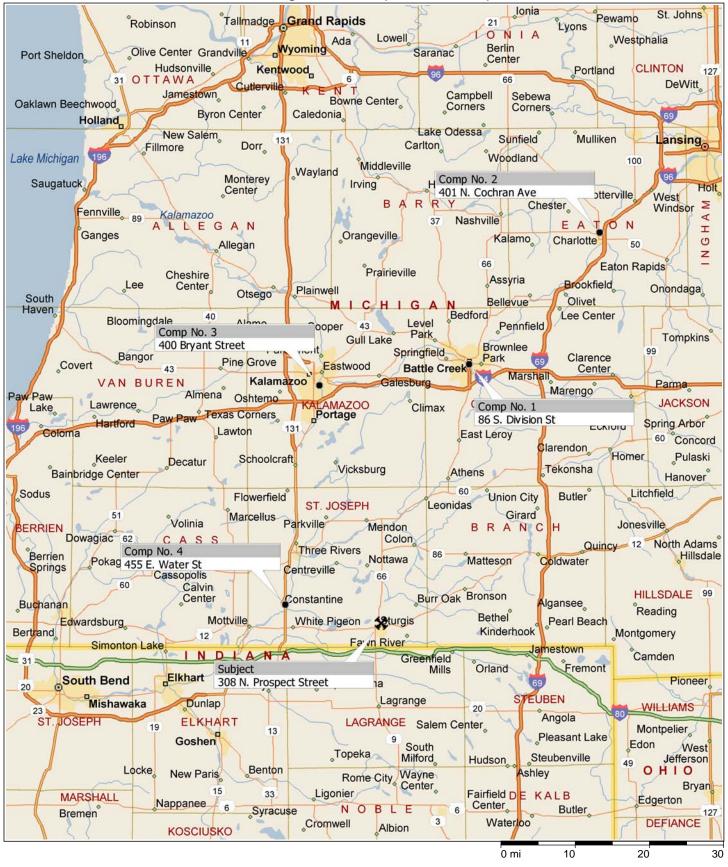
JOB NO. TS#1140

TRI-STAR SURVEYING
NATIONWIDE SURVEYORS NETWORK
11281 Richmond, Suite J-100 Houston, Texas 77082
OFFICE (281) 556-8503 FAX (281) 556-9331

SCALE: 1" = 60"

**Building Sale Comparables** 

**Building Sale Comparables Map** 



# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2000 Filed 07/01/16 Page 92 of 145

# Improved - Sale - Light Industrial

COMPARABLE # 3008031



View of property facing northwest.

Photo Date: 3/2/2015 Taken By: MYB

**LOCATION** 

Street Number: 86

Street Name: S. Division Street
City or Township: City of Battle Creek

County: Calhoun State: MI

Tax ID Number: 52-2020-00-054-0; 52-2020-00-016-0; 52-2020-00-049-0

### **SALE INFORMATION**

 Sale Date:
 11/20/2015

 Sale Price:
 \$ 330,000.00

 Cash Price:
 \$ 330,000.00

Seller: Norman Produce Co, Inc. Buyer: Schweitzer Incorporated

Marketing Time (Months): 42

Listing Price: \$ 449,000.00 Date of Listing: 5/1/2012

Comments: This was the sale of two parcels. One is improved with a building, the other

is a triangular shaped parcel across the street.

Listing History 5/2012 - \$595,000 4/2014 - \$449,000

**INSTRUMENT** 

Type of Instrument: Warranty Deed

Liber: 4015 Page: 237

Date Recorded: 12/10/2015

5/19/16 1:30PM 87

# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2001 Filed 07/01/16 Page 93 of 145

(Continued) Comparable # 3008031 Page 2

**FINANCING** 

Financing: Cash

**BUILDING DESCRIPTION** 

Use by Buyer: Industrial

Occupancy: Single Occupant, Owner Occupied

Class of Construction: C, Masonry Frame

Condition: Fair Exterior Wall Covering: Brick Year Built: 1930

Office Area (Sq Ft): 5,000 (5.6%) Industrial Area (Sq Ft): 84,117 (94.4%)

GBA (Sq Ft): 89,117
Loading Docks: 9
Number of Stories: 4
Exterior Building Height (Ft): 14
Craneway: No
Rail Access: Yes

Comments: There were renovations in 1973. This building is food grade quality. There

is 15,700 SF of freezer space and 6,000 feet of cooler space. There is a newer 37,500 SF warehouse area with docks and a newer roof. There is

also a 2,500 Lb freight elevator and 9 various sized docks.

According to the buyer's broker, half of the building with multiple stories had

some structural flooring issues. The cost of repairs was unknown.

LAND DESCRIPTION

Net Land Area: 87,399 Sq Ft 2.006 Acres

Primary Frontage (Ft): 256.840

Cross Street: Southwest corner of S.Division Street and E. Fountain Street

Physical Location: Corner Shape: Irregular Topography: Mostly Level

Environmental Contamination: Yes

Easements: There was a possible easement issue with the railroad which is adjacent to

the property, but it did not impact the sales price.

Comments: Parcel No. 2020-00-054 is 1.895 acres and has 256.84 feet of frontage along

S. Division Street and 399.04 feet of frontage along E. Fountain Street. Parcel Nos. 2020-00-049-00 and 2020-00-016-0 are 0.112 acres and have

165 feet of frontage along S. Division Street.

A Phase 2 was performed and the buyer's broker couldn't remember the extent of the contamination, however no immediate remediation was

required.

According to the DEQ Environmental Mapper, there are two underground

storage tanks on the property.

**ZONING & UTILITIES** 

Current Zoning:

Water:

Sewer:

Gas:

Electricity:

I-1; Industrial
Public
Public
Public
Public

HIGHEST AND BEST USE Light Industrial

**REAL PROPERTY RIGHTS** Fee Simple

**CONDITION OF SALE** Arm's Length

### **UNITS OF COMPARISON**

**Physical Characteristics** 

Price/Sq Ft GBA: \$ 3.70
Price/Truck Dock: \$ 36,667
Office Area % GBA: 5.6%
Land to Building Ratio: 0.98 : 1

**SOURCE** 

Contact: MLS #14051784

Matthew Callander, Buyer's Broker (2/5/2016)

Callander Commercial

269-384-8368

Confirmation Date: 3/3/2015
Appraiser: MYB 3297
Reconfirmation Date: 2/5/2016
Reconfirmation Appraiser: MYB 3297

5/19/16 1:30PM 89

### **ADDITIONAL PHOTOS**



Aerial view from Calhoun County GIS.

5/19/16 1:30PM 90

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# Improved - Sale - Mixed-Use Development

**COMPARABLE # 3008730** 



View of property facing west.

### **LOCATION**

Street Number: 401

Street Name: N. Cochran Avenue City or Township: City of Charlotte

County: Eaton State: MI

Tax ID Number: 200-012-400-216-00

### **SALE INFORMATION**

 Sale Date:
 7/10/2014

 Sale Price:
 \$ 25,000.00

 Cash Price:
 \$ 25,000.00

Seller: Dennis and Cathy Bytwerk Buyer: 401 N. Cochran LLC

Marketing Time (Months): 12

Listing Price: \$89,900.00 Date of Listing: 7/12/2013

Comments: According to the Application for Obsolete Property Rehabilitation Exemption

Certificate filed by the property owner, the estimated cost of rehabilitation for

the property is \$45,000.

**INSTRUMENT** 

Type of Instrument: Warranty Deed

Liber: 2527
Page: 0976
Date Recorded: 7/23/2014

**FINANCING** 

Financing: Cash

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(Continued) Comparable # 3008730 Page 2

**BUILDING DESCRIPTION** 

Use by Buyer: Undisclosed

Occupancy: Single Occupant, Owner Occupied

Class of Construction: C, Masonry Frame

Condition: Fair
Exterior Wall Covering: Brick
Year Built: 1900
GBA (Sq Ft): 37,310
Number of Stories: 2
Exterior Building Height (Ft): 12

Comments: The buyer said there is no heating or cooling in the building. He said his

plans are yet to be determined, but he plans to redevelop the property. He

said the building is approximately 37,000 SF.

The MLS listing shows a new furnace is in the building. The interior has

unfinished wood floors and exposed walls and ceilings.

Year built was estimated.

Mr. Greg Goodshow, City Manager for the City of Charlotte said no plans

have been brought to the city for this property. (3/3/2015)

LAND DESCRIPTION

Net Land Area: 56,319 Sq Ft 1.293 Acres

Primary Frontage (Ft): 166.000

Cross Street: West side of N. Cochran Avenue, north of E. Stoddard Street

Physical Location: Interior
Shape: Irregular
Topography: Mostly Level
Environmental Contamination: None Known

Comments: According to the DEQ Environmental Mapper, there is no known

environmental contamination.

The buyer did not want to answer questions regarding easements or

environmental contamination.

**ZONING & UTILITIES** 

Current Zoning: I-2; General Industrial District Master Plan: Manufacturing and Industrial

Water: Public
Sewer: Public
Gas: Natural
Electricity: Public

HIGHEST AND BEST USE Mixed-Use Development

**REAL PROPERTY RIGHTS** Fee Simple

**CONDITION OF SALE** Arm's Length

**UNITS OF COMPARISON** 

**Physical Characteristics** 

Price/Sq Ft GBA: \$ 0.67 Land to Building Ratio: \$ 1.51 : 1

# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2006 Filed 07/01/16 Page 98 of 145 (Continued) Comparable # 3008730 Page 3

**SOURCE** 

Contact: Anthony Faulkner, Buyer

269-208-0866 Public Records

CoStar PTA

MLS#49943

Confirmation Date: 3/5/2015
Appraiser: MYB 3297
Reconfirmation Date: 5/11/2016
Reconfirmation Appraiser: MYB 3297

Comments: Attempts to contact the listing broker, Terry Shellhorn (Century 21 Looking

Glass) were unsuccessful.

### **ADDITIONAL PHOTOS**



Aerial view from Eaton County GIS.

# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2008 Filed 07/01/16 Page 100 of 145

# Improved - Sale - Mixed-Use Development COMPARABLE # 3008708



View of propety facing west from Bryant Street

Photo Date: 3/2/2015 Taken By: MYB

**LOCATION** 

Street Number: 400

Street Name: Bryant Street
City or Township: City of Kalamazoo

County: Kalamazoo

State: MI

Tax ID Number: 06-27-212-002

**SALE INFORMATION** 

 Sale Date:
 6/30/2014

 Sale Price:
 \$ 360,000.00

 Cash Price:
 \$ 360,000.00

Seller: Kalamazoo Realty Investments, LLC

 Buyer:
 400 Bryant, LLC

 Listing Price:
 \$ 360,000.00

 Date of Listing:
 6/30/2014

**INSTRUMENT** 

Type of Instrument: Warranty Deed 7/22/2014 Document Number: 2014-023703

**FINANCING** 

Financing: Cash

5/19/16 2:08PM 95

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(Continued) Comparable # 3008708 Page 2

**BUILDING DESCRIPTION** 

Use by Buyer: Owner Occupied

Occupancy: Single Occupant, Owner Occupied

Class of Construction: C, Masonry Frame

Condition: Average
Exterior Wall Covering: Brick
Year Built: 1906
GBA (Sq Ft): 61,050
Number of Stories: 3
Exterior Building Height (Ft): 35

Comments: Renovations had been made to half of the building. There are three levels

plus a newer addition. There are wood floors on all upper two levels and there is a freight elevator and bus bar on two floors. The addition has 18'

ceilings and a cement floor.

The listing agent said half the building was newer and the other half was older. The building used to be a lot of office space with some warehouse. He did not think anyone would use this building for an industrial use.

According to a representative for the buyer, when they purchased the building, they planned to redevelop it into office space and some outdoor space. They do not know how much they will spend on redevelopment and are still in the early stages of deciding what to do with the property.

According to the Kalamazoo City Assessor's office, no permits have been filed for this property, and she is unsure what the buyer's intended use is.

LAND DESCRIPTION

Net Land Area: 65,527 Sq Ft 1.504 Acres

Primary Frontage (Ft): 173,040.000

Cross Street: West side of Bryant Street, north of E. Alcott Street

Physical Location: Cul-de-sac Shape: Irregular Topography: Mostly Level

Environmental Contamination: Yes

Comments: According to a representative for the buyer, there is a little contamination on

the site. This is not a Brownfield site, however they are looking into it.

According to the DEQ Environmental Mapper, this is a Baseline

Environmental Assessment Site.

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**ZONING & UTILITIES** 

Current Zoning: M-1; Manufacturing, Limited

Water: Public
Sewer: Public
Gas: Natural
Electricity: Public

HIGHEST AND BEST USE Mixed-Use Development

**REAL PROPERTY RIGHTS** Fee Simple

**CONDITION OF SALE** Arm's Length

**UNITS OF COMPARISON** 

Physical Characteristics

Price/Sq Ft GBA: \$ 5.90 Land to Building Ratio: 1.07 : 1

# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2010 Filed 07/01/16 Page 102 of 145 (Continued) Comparable # 3008708 Page 3

**SOURCE** 

Contact: Brian Schultz, Listing Agent

Callander Commercial

269-365-4165 MLS#14037816

PTA

Representative for buyer (Jeff Nicholson) who wanted to remain confidential

269-383-5775

Confirmation Date: 3/5/2015 Appraiser: MYB 3297

5/19/16 2:08PM 97

# **ADDITIONAL PHOTOS**



Aerial view from Kalamazoo County GIS.

# Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2012 Filed 07/01/16 Page 104 of 145

# Improved - Sale - Mixed-Use Development (Lead)

**COMPARABLE # 3008729** 



View of property facing north.

### **LOCATION**

Street Number: 455

Street Name: E. Water Street
City or Township: Village of Constantine

County: St. Joseph

State: MI

Tax ID Number: 043-080-013-00

### **SALE INFORMATION**

Sale Date: Current Listing
Sale Price: \$ 179,000.00
Cash Price: \$ 179,000.00

Seller: Aaron and Justine Cullifer

Listing Price: \$ 179,000.00 Date of Listing: \$ 179,000.14

Comments: According to the listing agent, they have had a few inquiries. Based on the

zoning and master plan, she sees this as being purchased by an industrial user who could live on the second floor while they start up their business.

Listing history: 11/2014 - \$210,000 2/2015 - \$199,000 10/2015 - \$189,000

11/19/2015 - Expired Listing 12/1/2015 - \$179,000

**FINANCING** 

Financing: Cash

### **BUILDING DESCRIPTION**

Occupancy: Single Occupant, Owner Occupied

Class of Construction: C, Masonry Frame

Condition: Fair
Exterior Wall Covering: Brick
Year Built: 1900
GBA (Sq Ft): 24,800
Number of Stories: 2

Comments: Year built was estimated. The second floor is an apartment with hardwood

floors and stainless steel appliances. The first floor is open warehouse

space with concrete floors, exposed ceiling and walls.

According to the listing broker, there was a fire in one of the rear buildings. She said structurally the building is ok and the roof and walls are not damaged. She is not sure of the SF of the damage, but it is not a large area. The building is still usable. The fire damage was there when the sellers

purchased the property.

### LAND DESCRIPTION

Net Land Area: 128,113 Sq Ft 2.941 Acres

Primary Frontage (Ft): 351.170

Cross Street: North side of E. Waters at Station Street

Physical Location: Interior
Shape: Irregular
Topography: Mostly Level
Environmental Contamination: None Known

Easements: According to the DEQ Environmental Mapper, there is no known

environmental contamination on this site.

### **ZONING & UTILITIES**

Current Zoning: Industrial
Master Plan: Industrial
Water: Well
Sewer: Septic
Gas: Natural
Electricity: Public

HIGHEST AND BEST USE Mixed-Use Development

**CONDITION OF SALE** Arm's Length

### **UNITS OF COMPARISON**

**Physical Characteristics** 

Price/Sq Ft GBA: \$ 7.22 Land to Building Ratio: 5.17 : 1

**SOURCE** 

Contact: MLS# 14063665 & 15061517

Heather Martell, Listing Agent

Martell Realty, Inc. 269-389-9910

Confirmation Date: 3/3/2015 Appraiser: MYB 3297 Reconfirmation Date: 5/19/2016 Reconfirmation Appraiser: MYB 3297

Draft License and Release Agreement

### LICENSE AND RELEASE AGREEMENT

This License and Release Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2015, between (i) Newell Rubbermaid Inc. ("Newell") and (ii) Kirsch Lofts, LLC ("Kirsch Lofts") and Scott T. Bosgraaf ("Bosgraaf"). Kirsch Lofts and Bosgraaf may sometimes be referred to as "Owners."

Whereas, Kirsch Lofts owns a parcel of r eal estate commonly known as 308 N. Prospect Street, located in the City of Sturgis, St.Joseph County, Michigan 49091, Tax Parcel number 052-200-024-00, and which is legally described as set forth in **Attachment A** (the "Property"); and

Whereas, the Property was at one time a part of a manufacturing facility owned and operated by the Kirsch Division of Cooper Industries, Inc("Cooper Industries"), which facility was known as the Kirsch Plant No. 1; and

Whereas, the Kirsch Plant No. 1 used industria 1 solvents, which resulted in releases of contaminants into the soil and groundwater at Kirsch Plant No. 1, including but not limited to the Property; and

Whereas, in 1982, the United States Environm ental Protection Agency ("U.S. EPA") discovered contamination in the soil and groundwat er at the Kirsch Plant No. 1, including the Property; and

Whereas, in 1984, the U.S. EPA placed the Sturgi Municipal Well Field Site ("Site") on the National Priorities List ("NPL"), which included Kirsch Plant No. 1 and the Property, and

Whereas, in 1991, the U.S. EPA issued a Record of Decision ("ROD") specifying certain remedial activities for the Site, and which was late modified pursuant to an amendment to the ROD signed by EPA in 1996 ("the 1996 ROD Amendment"); and

Whereas, in 1992, Cooper Industries recorded w ith the Register of Deeds of St. Joseph County, Michigan a Notice stating that the Property was (i) contaminated; (ii) subject to a federal Administrative Order issued under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601, et seq. ("CERCLA"); and (iii) undergoing rem ediation activities under CERCLA; and

Whereas, in 1996, Cooper Industries agreed to a Consent Decree with the Michigan DEQ, which was entered by the U.S. District Court for the Western District of Michigan (Case Number 5:96-CV-157)("Consent Decree"), wherein Coope r Industries agreed to perform soil and groundwater remedies consistent with the ROD and 1996 ROD Amendment; and

Whereas, in 1997, Newell Co., now known as Newell, acquired the Kirsch business from Cooper Industries through the acquisition of shares of Kirsch Inc., a newly created copany that had previously received an assignment of the assets and liabilities of the Kirsch division of Cooper Industries, including assignment of the obligations associated with the Consent Decree; and

Whereas, in 1998, Newell sold the Property to WMU Properties, a Michigan co-partnership, having disclosed that the Property had been impacted by contaminants and was part of a CERCLA site undergoing remediation activities, for a total purchase price of \$200,000.00; and

Whereas, in 2008, Kirsch Lofts conducted its ow n environmental investigations of the Property, including soil and groundwater testing which showed the Property was contaminated and subject to remediation activities being performed by Newell pursuant to CERCLA with oversight from the Michigan DEQ; and

Whereas, on or about July 10, 2009, Kirsch Lots acquired the Property from 1983 Finance Company, LC, a limited liability company, for \$3,000.00; and

Whereas, Kirsch Lofts took preliminary steps towards re-development of the Property into residential loft apartments or condominiums; and

Whereas, by letter dated April 14, 2011, the Michigan DEQ, under authority of the Consent Decree, directed Newell to take Additional Response Activities with respect to soil and groundwater contamination at the Site, including the Property; and

Whereas, in August 2012, Newell submitted a conceptual plan for the remediation of soils and groundwater, entitled *Revised Plan for Additional Response Activities at Sturgis Municipal Well Field Superfund Site*, *Sturgis, Michigan*, which was approved by the Michigan DEQ on September 11, 2014; and

Whereas, Newell, with the approval of Michigan DEQ, conducted studies to determ ine whether alternative soil cleanup objectives are a ppropriate for the Property, which are currently under review and consideration by Michigan DEQ; and

Whereas, the ROD and 1996 ROD Amendment will be subject to further amendment if the alternative soil cleanup objectives are approved for the Project; and

Whereas, Newell will require access to the Poperty beginning in May 2016, and continuing in various discrete periods of time thereafter to execute the Project; and

Whereas, Newell first requested access to the Property to conduct the Project by letter dated August 24, 2014.

**NOW, THEREFORE,** in consideration of the execution of this Agreement and the obligations of the Parties set forth in this Agreement, the receipt and sufficiency of which is hereby acknowledged, and the Parties agree as follows:

### I. DEFINITIONS

For purposes of this Agreement:

"Access" shall mean the rights to enter upon, and conduct remediation, maintenance, and other work, as defined in this Agreement, to take place within the Access Period.

"Access Parties" shall m ean Newell, and its authorized agents, contractors, and subcontractors, along with representatives of the Michigan DEQ and the U.S. EPA.

"Access Period" shall mean the period of time from May 1, 2016 to January 31, 2021, and shall refer to the entirety of the access periods gamted herein, including the Engineering and Design Access Period, Phase I Access Period, Phase II Access Period, and any extensions under this Agreement determined to be necessary by mutual agreement of the Parties.

"Claims" means legal and adm inistrative claims, liabilities, penalties, fines, judgm ents, forfeitures, losses, expenses (including, but not limited to, reasonable attorneys' fees, consultant fees, expert fees and court costs), and costs.

"Consent Decree" shall refer to the federal j udicial settlement agreement entered into between Cooper Industries and the Michigan DEQon October 25, 1996, in the United States District Court, Western District of Michigan, and the related RODs entered by U.S. EPA, f or the performance of response activities at the Site pursuant to Part 201 of the Natural Resources and Environmental Protection Act, as am ended, and the Comprehensive Environmental Response, Compensation, and Liability Act, as am ended, which became binding on Newell as a result of Newell Co.'s purchase of the Kirsch Inc. business in 1997.

"Digging" means the break up or m oving of earth with a tool, m achine, hands, or other mechanism.

"East Portion" means the east portion of the Property, as defined herein, as more specifically depicted on Attachment B-2.

"Excavation Restrictive Covenant" m eans a written covenant executed by Owners and recorded by Newell against the Property prohibiting on the area where remediation system piping will be located (i) any excavation in such area, and (ii) any surface activity in such area that might damage or otherwise compromise the remediation system piping.

"Groundwater Restrictive Covenant" means a written covenant executed by Owners and recorded by Newell against the Property, prohibiting the extraction of groundwater at or from the Property, except for groundwater that may be extracted for the purpose of treatment, sampling, or monitoring required under the Consent Decree or by any state or federal agency, and which remain shall remain in effect until Michigan DEQ or U. S. EPA deems such a restrictive covenant is no longer necessary.

"Kirsch Site" means the site of the former Kirsch Plant No. 1 f acility, the soil in areas adjacent to it, and any groundwater impacted by the Kirsch Plant No. 1.

"Newell" shall mean Newell Rubbermaid Inc., a corporation organized under the laws of the state of Delaware with its principal place of busin ess in Atlanta, Georgia, and its successors and assigns.

"Michigan DEQ" means the Michigan Department of Environmental Quality.

"O&M Maintenance Work Plan" means a work plan that will be developed by Newell in order to comply with the ongoing operation and maintenance requirements of the Consent Decree and other obligations as may be set forth by U.S. EPA or the Michigan DEQ.

"Parties" refers to the Owners and Newell collectively.

"Person" means an individual, partnership, corporation, government entity, association, or legal entity of any kind, nature, or description.

"Phase I Work" means all actions to be taken by Newell necessary to execute the Renedial Work Plan, incorporated by reference herei n, including but not limited to: the construction, installation, and startup of remediation systems and equipment, and conducting of removal and remediation activities. Without limiting the generality of the foregoing, remediation systems and equipment to be installed will include a soil vapor extraction (SVE) system designed and installed by Newell in accordance with the Approved Plan.

"Phase II Work" means the work to be performed in order to execute the O&M Maintenance Work Plan, incorporated by reference herein, including but not limited to: performance of routine operation and maintenance, unscheduled repairs and maintenance, and preparation to decommission equipment.

"Phase III Work" means the work required to decommission or remove remediation systems and structures, including but not limited to: removal of the building, equipment, and substructures; site restoration activities, and other tasks as may be necessary to ensure the completion of Newell's obligations under the Consent Decree.

"Project" means the actions to be taken by Newellat the Property to address past releases of hazardous substances from the former Kirsch facility into the environment, including but not limited to the activities to be performed during the Engineering and Design Access Period, Phase I Work, Phase II W ork, and Sam pling Activities. The Project m ay include but not necessarily be limited to (i) removal of impacted soils; (ii) site restoration activities; (iii) recording of use restrictions and limitations, easements and covenants and agreements, including without limitation an Excavation Restrictive Covenant and a Groundwater Restrictive Covenant; and (iv) any other actions deemed by Newell to be necessary or appropriate to execute any of the foregoing actions or any other obligations as may be set forth by U.S. EPA or the Michigan DEQ.

"Property" refers to that real estate commonly known as 308 N. Prospect St., City of Sturgis, St. Joseph County, Michigan 49091 (Tax Parcelnumber 052-200-024-00) owned by Kirsch Lofts, LLC. The Property is legally described as set forth in Attachment A.

"Released Parties" means Newell, and its officers, directors, subsidiaries, contractors, agents, and employees.

"Remedial Work Plan" means the detailed work plan and specific schedule to be developed in accordance with the Approved Plan.

"Approved Plan" means the Revised Plan for Additional Response Activities at Sturgis Municipal Well Field Superfund Site, Sturgis, Michigan, approved by the Michigan DEQ on September 11, 2012.

"U.S. EPA" means the United States Environmental Protection Agency.

"Weekday" means Monday, Tuesday, Wednesday, Thursday, or Friday.

#### II. ACCESS

- 1. **Terms of Access.** The terms of the access discussed in this Article II shall be subject to the further details specified in Articles III, IV, and V of this Agreement.
- 2. Engineering and Design Access. Owners hereby grant the Access Parties a temporary, non-exclusive license to access the Property, including theinterior and exterior of the buildings located thereupon, with persons and equipment for one full day between May 1, 2016 to May 31, 2016 (hereinafter the "Engineering and Design Access Period"). For purposes of this paragraph, the term Access Parties shall include potential bidders for contracting, subcontracting and other work to be performed on the Project. The exact date for the Engineering and Design Access Period shall be agreed upon by the Parties no later than April 302016, and shall take place on a Weekday between the hours of 6:00 A.M. and 8:00 P.M. EDT. For the avoidance of doubt, Owners' access to the Property will not be affected during the Engineering and Design Access Period, except to the extent necessary to ensure compliance with any site specific health and safety plan required for this period.
- **Phase I Access Period.** Owners hereby grant the Access Parties a tem porary, exclusive 3. license to access the Property with persons and equipment commencing on August 1, 2016 and continuing through November 30, 2016, to perform the Phase I Work at the Property (hereinafter the "Phase I Access Period"). This license shall expire and become absolutely null and void on and after November 30, 2016. The Parties agree that, during the Phase I Access Period, Newell ay, in its sole discretion, prohibit any and all Pers ons, including, but not limited to Owners, from occupying, entering or otherwise gaining access to the East Portion of the Property (except as expressly set forth below). During such Phase I Access Period (and only during this period), any occupancy or access by Owners to the Property sh all be permitted only with the prior written consent of and subject to any reasonable and necessary conditions established by Newell, including without limitation the requirement that Owners read and comply with the applicable OSHA Health and Safety Training standards and any site-speci fic health and safety plan im plemented in connection with this Project. Owners shall coope rate fully with Newell to prohibit any and all Persons from occupying, entering or gaining access to the East Portion of the Property during such Phase I Access Period (except as expressly set forth below). Notwithstanding the above, during this Phase I Access Period, Bosgraaf and his designees shall be permitted entry to the Property, at least once a week for a period of at least one hounn each occasion, on a Weekday during the hours from 5:00 P.M. to 7:00 P.M. EDT, pursuant to a schedul e to be jointly established in advance by the Parties. If no such schedule is jointly established by the Parties, access shall occur on each Friday during the Phase I Access Period for two hours on each occasion 5:00 P.M. to 7:00 P.M. EDT.
- 4. **Phase II Access Period**. Owners hereby grant the Access Parties a tem porary and non-exclusive license in order to access the Prope rty with persons and equipm ent commencing on

December 1, 2016, through January 31, 2021, to perform the Phase II Work on the Property, along with the right to record a restrictive covenantagainst the Property prohibiting excavation in certain areas, as further defined in Section II.5 below (hereinafter the "Phase II Access Period"). This license shall expire and become absolutely null and void on and after January 31, 2021. The Parties agree that, during the Phase II Access Period, Newell shall have the right to access and enter the Property on Weekdays between the hours of 6:00 A.M. and 8:00 P.M. EDT. Without limiting the generality of the foregoing, Newell anticipates entering the Property: (i) on a daily basis for the period December 1, 2016 to January 31, 2017; (ii) three days per week from February 1, 2017 to July 31, 2017; and (iii) one day per week from August 1, 2017 and continuing through January 31, 2021. Newell warrants that during the Phase II Access Period, the Owners' access to and quiet enjoyment of the Property will not be af fected, with the exception of the terms of the restrictive covenants referred to in Sections II.5. and II.7 below.

- 5. **Excavation Restrictive Covenant.** Newell shall have the right at the beginning of the Phase II Access Period to record an Excavation Restrictive Covenant against the Property. The Excavation Restrictive Covenant shall be removed and terminated of record at the commencement of the Phase III Access Period (as defined below). Owners shall cooperate fully with Newell to prevent all Persons from violating the Excavation Restrictive Covenant during such Phase II Access Period.
- 6. **Phase III Access Period.** Owners hereby grant the Access Parties a temporary and non-exclusive license in order to gain access to and the right to enter upon the Property with persons and equipment commencing on June 1, 2021 and continuing through August 31, 2021, to perform the Phase III Work on the Property (hereinafter the "Phase III Access Period"). This license shall expire and become absolutely null and void on and after August 31, 2021. The Parties agree that, during the Phase III Access Period, Newell shall have regular, periodic access to the Property on Weekdays between 6:00 A.M. and 8:00 P.M. EDT. Without limiting the generality of the foregoing, Newell anticipates entering the Property a minimum of three times per week from June 1, 2021 to August 31, 2021. The Phase III Work may limit Owners' access to portions of the Property for a period not to exceed fourteen (14) days, to allow for completion of the Phase III Work. Newell agrees to provide written notice to Owners atleast sixty (60) days in advance of the beginning of the proposed period of limited access for Owners. Owners shall be provided with notice of any changes to such period of limited access as soon as practicable, but under no circumstances with less than 24 hours' notice.
- 7. *Groundwater Restrictive Covenant.* Prior to the termination of the Access Period, Newell will record a Groundwater Restrictive Covenant against the Property. The Groundwater Restrictive Covenant and all of the terms herein shall run with the land.
- 8. **Irrevocable Licenses.** The licenses granted to the AccessParties in this Article II shall be irrevocable during the applicable Access Period each license is in effect. The licenses and Access shall run with the Property and shall inure to the benefit of and be binding upon Owners, Newell and their respective successors (including without limitation any and all successors to Owners in title to the Property) and assigns, including any entity w ith which any corporate party m ay merge or consolidate or to which it may transfer substantially all of its assets. If the Property is hereafter divided into two or more parts by separation of ownership or lease, each portion of such property shall be subject to the burdens of the licenses **a**d the rights and restrictions created hereby. Newell

shall have the right to record a Memorandum of Agreement in the form shown on <u>Attachment C</u> attached hereto against the Property following the execution of this Agreement.

#### III. REMEDIAL CONSTRUCTION PROJECT

- 1. **Construction of Treatment Buildings**. Owners acknowledge that one treatment building and one blower building will be constructed on the Property. The approximate areas in which the treatment building and blower building will be constructed are indicated on **Attachment B** hereto. Power to the treatment system and blowers will be separately metered and paid for by Newell, and Newell shall have the right to tap into existing electrical power lines at the Property and/or lay new electrical power lines at the Property for connection to the treatment system and blowers.
- 2. Installation of Sub-surface Piping. Piping for the SVE system will be located sub-surface, beneath the existing buildings on the Property and the courtyard area, as depicted in Attachment B and will consist of both horizontal and vertical piping. For piping to be located immediately beneath the building, the piping will be installed through the existing trenches in the building slab. For piping in the courtyard area, the top 2 fet of soil in the courtyard will be excavated and removed as part of the Project. The horizontal piping will beneathly 1 foot below grade. The piping will remain below the ground surface at such depths, and will not daylight until reaching the blower building. The Parties agree to coordinate activities with respect to installation of the SVE piping and Owners' utility trenches. Unless otherwise advised, Newell will install the SVE piping not less than 30 inches below ground surface.
- 3. *Concrete/Soil Removal*. Any soil excavated as part of the Project, including soil excavated as contemplated by Section III.2 of this Agreement, will be disposed offsite by Newell.

#### IV. WORK PLAN AND PROJECT SCHEDULE

- 1. **Remedial Work Plan.** Newell shall develop the Remedial Work Plan to comply with its obligations under the Consent Decree and the Approved Plan. Newell shall provide a copy of the approved Remedial Work Plan to Owners upon request. In finalizing the schedule to be incorporated in the Remedial Work Plan, Newell shall use reasonable efforts to accommodate scheduling requests of the Owners.
- 2. **Compliance with Laws.** Newell shall conduct all activities associated with the Project in compliance with all applicable laws and in a safe and workmanlike manner, shall exercise reasonable care to avoid injury to persons or damage to the Property, and shall use commercially reasonable efforts to perform the Project in accordance with the schedule in the Rem edial Work Plan.

#### V. RESTORATION OF PROPERTY

1. **Building and Pipeline Removal**. During the Phase III Work, Newell will abandon in place the underground piping installed as part of the Project. Abandonm ent shall be accomplished by cutting off above-ground pipe and plugging the be low-ground piping end points. In addition, Newell will breakdown and rem ove any buildings or structures erected on the Property for the

Project, remove equipment and materials brought onto the Property for the Project, and remove any waste that may have been generated by its activities during the Project.

- 2. Soil & Vegetation Removal. The Parties acknowledge that the Project will include, but no be limited to, the removal of the top two (2) feet of soil in the courtyard at the Property as well as any soil excavated during the installation of piping and piping vaults, as described in Section III.3 above. Except for conditions resulting from causes other than the Project, Newell shall restore the Property, at Newell's sole cost and expense, to substantially the same condition in which it was in immediately prior to August 1, 2016, including any vegetation affected by the Project, such restoration to be done with the same or like-quality material or vegetation. Notwithstanding the foregoing, Owners acknowledge that Newell m ay decide to rem ove mature trees or shrubs if preserving such plants is economically impracticable. Newell shall replace any trees and shrubs with the same or similar quality plants, provided that such trees or shrubs may not be as mature or developed as the plants being replaced. Newell shall have no further responsibility to Owners for any soil and vegetation restoration.
- 3. **Reasonable Care.** During all work on the Property by Newell contem plated by this Agreement, including the Project, Newell shall be reponsible for keeping the Property in clean and reasonably neat condition. Except for conditions resulting from causes other than the Project, Newell shall promptly repair at its sole expens e any and all dam age to the Property, whether to structures, fixtures, streets, curbs, gutters, automobiles, and any other areas oritems or structures of any nature located on the Property. On or before August 1, 2016, or the date of this Agreem ent, whichever is later, at a time to be agreed upon by the Parties, Newell shall be allowed to conduct, at its expense, an inspection to document the condition of the Property prior to the commencement of the Project. Owners and their representatives shall have the right to be present at any such inspection. Newell may photograph or videotape the Property, or any portion thereof, as part of the inspection.
- 4. **Notice of Project Completion**. Within thirty (30) days after the Project is completed to the satisfaction of the Michigan DEQ and U.S. EPA, Newell shall notify Owners, in writing, that it has completed the Project.

#### VI. INSURANCE

- 1. **Newell's Insurance Obligation.** Newell shall maintain (or cause to be maintained) general liability and property dam age (casualty) insurance (including autom obile liability) covering all actions and operations on the Property by Newell and/or its contractors, agents or employees, in connection with this Agreement, all of which policies shall carry commercially reasonable limits and deductibles.
- 2. **Owners' Obligation.** Owners shall maintain (or cause to maintained) general liability and property damage (casualty) insurance (including automobile liability) covering all actions and operations on the Property by Owners, in connection with this Agreement, all of which policies shall carry commercially reasonable limits and deductibles.

#### VII. USE RESTRICTIONS AND LIMITATIONS

- 1. **Recording of the Declaration.** Owners have been advised that, at the completion of the Project, certain restrictions and lim itations will be placed on the current and future use of the Property, including but not limited to any institutional controls required by the Michigan DEQ or U.S. EPA. Such restrictions and limitations may prohibit the Digging in soils beneath certain depths on the Property, and will be imposed through the recording by Newell of a Declaration of Covenants and Agreements with the Register of Deeds of St. Joseph County, Michigan in the form shown on **Attachment D** attached hereto (hereafter referred to as "the Declaration"). Owners agree that the recording of such limitations or restrictions by Newell, at Newell's sole expense, is acceptable to Owners, and that they shall execute the Declar ation within 30 days of the Declaration being presented to them, provided that the Declaration to be executed and recorded is simar in substance to and with no material deviations from the form attached as **Attachment D** hereto.
- 2. **No Dig Provision**. Newell shall have no liability ar ising on account of or brought on account of any injury to any person or persons or pr operty, or loss of life, to the extent that such Claims, damages or causes of action for damages are caused by the Digging of Owners or Owners' contractors, agents or employees.

#### VIII. LICENSE FEE

1. **Payment.** Within ten days of the execution of this Agreement by the Parties, Newell shall pay to Owners the sum of \_\_\_\_\_\_ Dollars (\$\_\_\_\_\_\_ USD) in cash ("the License Fee"). The License Fee is a material consideration for this Agreement. No other sums shall be due or paid in exchange for the Access agreed upon herein to permit Newell to perform and complete the Project.

#### IX. OWNERS' OBLIGATIONS

- 1. Owners' Representations and Warranties. Owners represent and warrant that, as of the date of this Agreement, (1) the Property is owned by Kirsch Lofts, LLC in fee simple; (2) no Person other than the Owners has any fee simple interest in the Property; and (3) Owners have full power and authority to enter into this Agreem ent and each of the prom ises, covenants, releases and undertakings of any kind made by the Owners herein, without requiring approvals or consents of any other Person. If any of the representations or wa rranties set forth in this paragraph is inaccurate, upon Newell's request, Owners and each of them will comply with Newell's request to execute, acknowledge, initial, and deliver to Newell any docum ent which Newell deem's necessary to effectuate fully the promises, covenants, releases and undertakings made by Owners herein.
- 2. *Owners' Obligation Duty to Warn*. Owners shall have a duty to warn the Access Parties of any known dangers or dangerous conditions on the Property.
- 3. **Cooperation.** Owners shall cooperate with reasonable requests to execute documents contemplated or made necessary by the obligations set forth this Agreement, including without limitation the timely execution of the Excavation Restrictive Covenant, the Groundwater Restrictive Covenant, and the Memorandum of Agreement identified in Article XI below, or any other document necessary for Newell to complete its obligations under this Agreement or the Consent Decree.

- 4. **Non-interference.** Owners agree not to interf ere with Newell's efforts to perform and complete the Project. Without limiting the generality of the foregoing, Owners agree not to disturb, construct anything within ten (10) feet or on top of, restrict access to, move, or damage any of the following: structures, buildings, pipes, equipment, raw materials, or other items as may be brought onto or erected on the Property by Newell in order to perform the Project or any other obligation under this Agreement.
- 5. **General Release.** In consideration of Newell's obligations hereunder, Owners fully release, remise and absolutely and forever discharge and covenant not to sue the Released Parties, of and from any and all Claims, demands, cause and causes of action, injuries and damages, and expenses of every kind and nature whatsoever arising from or relating in the grant of access under this Agreement, which Owners have or may in the future have, direct or indirect, in law or in equity, against the Released Parties, for, upon or by reason of anything undertaken, done, or omitted to be done, in connection with the Access granted under the Agreement. Notwithstanding the above, any obligations set forth in this Agreement or in any exhibits or attachments hereto, are not hereby released or discharged in any manner.
- 6. Acknowledgement. Owners acknowledge having read andunderstood the provisions of this Agreement and the General Release set forth in Section IX.5 above, and represent that the execution of this release constitutes the Owners' knowing and voluntary act, made without coercion or intimidation. Owners enter into this Agreement relying on their own investigation and judgment. Owners are represented by counsel, and they have discussed the terms hereof with their counsel. Owners understand that the General Release set forth in Section IX.5 above is binding upon the Owners and each of their agents, heirs, devisees, executors, administrators, successors and assigns. OWNERS ACKNOWLEDGE THAT THEY HAVE NOT RELIED ON ANY REPRESENTATIONS MADE BY NEW ELL OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, OR REPRESENTATIVES IN ENTERING INTO THIS AGREEMENT.
- Owners' Indemnity. Notwithstanding anything in this Agreem ent to the contrary, the Owners, and each of them, agree to indemnify, defend and hold the Released Parties, and each of them, harmless from any and all Claims, costs, losses, judgments, or expenses of any kind, including but not limited to attorneys' fees, expert or consultant fees and court costs, that any of them might suffer as a result of (a) a breach of the representations, warranties, duties and obligations set forth in this Article IX, or any other obligation of Owners set forth in this Agreement, or (b) or any act or omission of Owners and/or Owners' contractors, agents or employees.
- 8. **Newell's Obligation to Indemnify.** Newell shall indem nify, hold harmless and defend Owners from and against, and shall promptly reimburse Owners with respect to, any and all Claims, arising on account of, or brought on account of any injury to any person or persons or property, or loss of life, to the extent that such Claims, damages or causes of action for damages are caused by the negligent acts or om issions of Newell and/or Newell's contractors, agents or employees, performed under this Agreement. However, this indemnification obligation is subject to and limited by the No Dig Provision in Section VII.2 above.

#### X. CONFIDENTIALITY

- 1. Agreement and Exhibits. This Agreement and its terms are confidential and neither the terms of this Agreement, nor the terms or circumstances related to its negotiation, execution, or implementation, or communications generated in connection therewith (collectively, "Confidential Information") shall be disclosed in any way to any Person or invoked by the Parties hereto in any proceeding or for any purpose, except as may be allowed under this Agreement.
- 2. **Permitted Disclosures**. Notwithstanding the foregoing, (a) Owners m ay disclose that Owners have agreed to allow Newell to perform the Project, and to record the Mem orandum of Agreement, Restrictive Covenants and Declaration, and that the Parties have reached a mutually satisfactory resolution of any and all claims between them; (b) Newell may disclose any information that it deems must be submitted to the Michigan DEQ pursuant to the terms of this Agreement, the Consent Decree, or applicable law; and (c) Newell may disclose information that it deems necessary or advisable to disclose to contractors involved in the Project.
- 3. **Disclosure in Event of Dispute; Other Permitted Disclosures.** The Parties may disclose Confidential Information (i) in a legal action between the Parties to this Agreement for breach of, or otherwise to enforce the terms of, this Agreement or any attachments or exhibits hereto; (ii) subject to Section X.4 below, in response to a judicial order or request from a local state or federal regulatory agency compelling disclosure or as may otherwise be required by law or regulation or be necessary to defend or assert claims by or against any party hereto in a judicial proceeding; (iii) to insurers of Newell; (iv) to parent, subsidiary, affiliate, associated, or parent companies of the Parties and their counsel or to the children or heirs of the Owners; and (v) to the experts, consultants, bankers, accountants, tax preparers or auditors of or counsel to the Parties upon their request, provided, however, that each Party agrees that it shall ensure that disclosure of Confidential Information to any of the Persons identified in (iii), (iv) and (v) above shall not result in further disclosure by any of those Persons.
- 4. **Request for Disclosure**. In the event that Owners receive a legal request or order for the disclosure of Confidential Information, Owners shall immediately notify Newell of such request or order. Newell shall be given a full opportunity to take any steps it deem necessary or appropriate to limit disclosure through appropriate protective orders. If Newell is unable tosecure such protective order or other similar means to limit disclosure of Confidential Information, Owners may disclose such Confidential Information as may be necessary to comply with the legal request or order.

#### XI. MEMORANDUM OF AGREEMENT

- 1. **Binding.** Each term of this Agreement, and all attachments and exhibits, are binding upon each of the Parties that have signed this Agreem ent and their respective agents, attorneys, heirs, devisees, transferees, successors and assigns.
- 2. **Covenant Appurtenant**. All existing and as am ended terms of this Agreement shall run with the Property. Accordingly, the Parties agree that a Memorandum of Agreement substantially similar to the form shown on **Attachment C** attached hereto shall be executed by the Parties at the time this Agreement is executed and recorded by Newell, at Newell's sole expense.

#### XII. MISCELLANEOUS

- 1. **Formation and Use.** Nothing contained in this Agreement is or shall be deemed to be an admission, acknowledgment, or evidence that any Party hereto has breached any obligation, engaged in any wrongdoing or m isconduct, or incurred any liability of any kind. This Agreement is the product of arms-length negotiations. This Agreement does not and is not intended to create any rights in any Persons other than the Parties andheir respective successors, transferees, and assigns, and no other Person shall have any legally enforceable rights hereunder, except as expressly set orth herein or in the Declaration attached hereto.
- 2. **Entire Agreement**. This Agreement supersedes all prior com munications regarding the matters contained herein between the signatories heteo and their representatives. This Agreement, together with its attachments and exhibits, are an integrated agreement and contains the entire agreement regarding the matters herein between the Parties hereto. **NO REPRESENTATIONS, WARRANTIES, OR PROMISES HAVE BEEN MADE OR RELIED ON BY ANY PARTY HERETO OTHER THAN AS SET FORTH HEREIN**. This Agreement was drafted by counsel for the Parties hereto, and there shall be no presumption or construction against any Party.
- 3. **Signatory Authority.** Each Party represents and warrants that the Person signing below has the authority to execute this Agreement on behalf of and to bind such Party.
- 4. *Choice of Law.* This Agreem ent shall be interpreted under the laws of the State of Michigan, excluding its choice of law rules, provisions and principles.
- 5. **Amendment.** This Agreem ent may not be am ended or modified except by a written instrument signed by the Parties.
- 6. **Headings.** The headings of paragraphs are designed to facilitate ready reference to subject matter and shall be disregarded when resolving any dispute concerning the meaning or interpretation of any language contained in this Agreement.
- 7. **Notices.** Any statements, communications, or notices to be provided pursuant to this Agreement shall be sent by certified mail, return receipt requested, and by facsimile to the attention of the Persons indicated below, until such time as notice of any change of the Person to be notified or change of address is forwarded in writing to all Parties:

If to Newell: Kristin Jones

Attention: General Counsel

with a copy

to counsel: Gabriel M. Rodriguez, Esq.

Schiff Hardin LLP

233 S. Wacker Drive, Suite 6600

Chicago, IL 60606

If to Owners: Scott T. Bosgraaf

Kirsch Lofts, LLC

148 South River Avenue, Ste. 100

Holland, Michigan 49423

8. *Counterparts.* This Agreement may be executed in any number of counterparts and by each Party hereto, each of which when so executed and ddivered shall be deemed to be an original, and all of which taken together shall constitute but one and the same instrument.

[signature and notary pages follow]

**IN WITNESS WHEREOF**, the Parties have executed this Agreement individually or by their duly authorized representatives.

	KIRSCH LOFTS, LLC
	By:
	Date:
Subscribed and sworn to before me this day of, 2015.	
Notary Public	My commission expires:
	SCOTT T. BOSGRAAF
	By
	Date:
Subscribed and sworn to before me this day of, 2015.	
Notary Public	My commission expires:

14

[signature and notary page follows]

**IN WITNESS WHEREOF**, the Parties have executed this Agreement individually or by their duly authorized representatives.

	NEWELL-RUBBERMAID
	By:
	Printed:
	Title:
	Date:
Subscribed and sworn to before me this day of, 2015.	
Notary Public	My commission expires:

### ATTACHMENT A PROPERTY DESCRIPTION

The property commonly known as 308 N. Prosp ect, Sturgis, MI 49091, with tax parcel number 75-052-200-024-00, is legally described as:

Block 55 except W 131.33 feet Lot 9 and that portion of 4<sup>TH</sup> T Street vacated N. of S. Lane Lot 15, Block 6 also Lots 11, 14, 15, 16, Block 6, Drakes 2 ND, City of Sturgis. This parcel being located West of N. Prospect St., 30.5 feed thence Southeaterly 30 feet M/L to Roint on West Line of 4<sup>TH</sup> St. 12 Feet South of POB Thence North along West Line of St. 12 feet to POB. Being a TRIANG par out of NE COR Lot 15. Drakes 2<sup>ND</sup> Addition City of Sturgis.

### ATTACHMENT B <u>DEPICTION OF TREATMENT BUILDING AND BLOWER BUILDING AREAS</u>

See attached.

### ATTACHMENT B-1 DEPICTION OF AREAS OF PIPING FOR SVE SYSTEM

See attached.

#### ATTACHMENT C FORM OF MEMORANDUM OF AGREEMENT

UM OF AGREEMENT is made and entered into as of			
	UM OF AGREEMENT is made and entered into as	of	

THIS MEMORANDUM OF AGREEMENT is made and entered into as of \_\_\_\_\_\_, 2015 by and between Kirsch Lofts, LLC (the "Kirsch Lofts") and Scott T. Bosgraaf ("Bosgraaf") (together the "Owners") and Newell-Rubberm aid of Delaware [Newell Rubberm aid Inc.?] ("Newell").

This space is for RECORDER'S USE ONLY

- 1. <u>License to Access Premises</u>. Upon and subject to the terms and conditions of that certain License and Release Agreem ent, dated \_\_\_\_\_\_\_\_, 20154 ("Agreem ent"), by and between Owners and Newell, to which reference is hereby made for the full terms and conditions thereof, Owners, for themselves and for their successors and assigns, have conveyed and granted a limited license (the "License") to Newell and its successors and assigns, for access to and the right to perform certain work on that certain real estate commonly known as 308 N. Prospect St., Sturgis, Michigan 49091, as described in the legal description attached hereto ("Premises"), during certain time periods and subject to certain limitations and restrictions set forth in the Agreement.
- 2. <u>Term.</u> The cumulative term of the License under the Agreement is a period of 4 years, 6 months, commencing on August 1, 2016 and extending through January 31, 2021. In addition, the Agreement provides that Newell may have a one-day license in May 2016 in order to complete certain engineering and design phase of the work contemplated in the Agreement. The time period in which the License is in effect is referred to herein as the "Term."
  - 3. Irrevocable Nature of License. The License is irrevocable during the Term.
- 4. License Runs With the Premises. The License shall run with the Premises during the Term and shall inure to the benefit of and be binding upon Owners, Newell and their respective successors (including without limitation any and all successors to Owners in title to the Property) and assigns, including any entity with which any corporate party may merge or consolidate or to which it may transfer substantially all of its assets. If the Premises is hereafter divided into two or more parts by separation of ownership or lease, each portion of such property shall be subject to the burdens of the licenses and the rights and restrictions created hereby. Upon the expiration of the Term at 11:59 p.m local time on January 31, 2021, the License shall automatically expire and be of no further force or effect.

- <u>5. Agreement Not Memorandum Controls</u>. To the extent of any conflict, inconsistency or ambiguity between this Mem orandum of Agreement and the term s of the Agreem ent, the Agreement shall control.
- 6. <u>Governing Law</u>. This Mem orandum of Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan, excluding its choice of law, rules, provisions and principles.
- 7. <u>Counterparts</u>. This Memorandum of Agreement may be executed in any number of counterparts and on separate counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

**THIS MEMORANDUM OF AGREEMENT** has been executed by the parties as of the day and year first above written.

KIRSCH LOFTS, LLC	NEWELL RUBBERMAID, INC. [?]
By:	By:
By:	Its:
Scott T. Bosgraaf	

#### **ACKNOWLEDGMENTS**

STATE OF	
COUNTY OF)	S.
This instrument was signe	d and acknowledged before me on, 2015 by d for the purposes stated
nerein.	
WITNESS my hand and o	official seal.
В	y:Notary Public
My Commission expires:	
STATE OF	S.
	d and acknowledged before me on, 2015 by the of Newell Rubbermaid,
Inc. [?] for the purposes stated herein.	
WITNESS my hand and o	official seal.
В	y:Notary Public
My Commission expires:	
This instrument prepared by and after recording return to:	
Gabriel Rodriguez Schiff Hardin LLP 233 South Wacker Drive Suite 6600 Chicago, Illinois 60606	

#### **Exhibit A to Memorandum of Agreement**

#### **Legal Description of Premises**

The property commonly known as 308 N. Prosp ect, Sturgis, MI 49091, with tax parcel number 75-052-200-024-00, is legally described as:

Block 55 except W 131.33 feet Lot 9 and that portion of 4<sup>TH</sup> T Street vacated N. of S. Lane Lot 15, Block 6 also Lots 11, 14, 15, 16, Block 6, Drakes 2 ND, City of Sturgis. This parcel being located West of N. Prospect St., 30.5 feed thence Southeaterly 30 feet M/L to Point on West Line of 4<sup>TH</sup> St. 12 Feet South of POB Thence North along West Line of St. 12 feet to POB. Being a TRIANG par out of NE COR Lot 15. Drakes 2<sup>ND</sup> Addition City of Sturgis.

## ATTACHMENT D FORM OF DECLARATION OF COVENANTS AND AGREEMENTS

See attached.

10808-1130 CH2\16043103.2 Proposed Development Plans

## Commercial

Opportunity knocks. There are some exciting concepts coming to Sturgis and you could be a part of them. Want to have built-in clients right outside your doors? Contact us for more details about design-build leases.

#### Commercial opportunities include (but not limited to):

Restaurant
Deli/Coffee Shop
Banquet Facility
Salon
Retail Store
Law Office
Real Estate Agent Office
Insurance Agent Office
Graphic Designer Office
Photographer



#### www.kirschlofts.com

Justin Misner Lynne Sluiter 616.292.8922 616.836.2753 justin@asumi.org lynne@asumi.org

## Amenities

Experience the benefits of loft living to the fullest at Kirsch Lofts. Low maintenance living, indoor pool, private patios, expansive ceilings, fresh finishes, convenient amenities, and much more, plus you will be helping the environment by living in a newly renovated building.

Live, work, and play at a place you call home. After a long days work take a dip in the pool or relax and grill a burger on your patio. Not in the mood to cook? No problem, enjoy the convenience of a restaurant in your building. Wish to be pampered? We have you covered: rejuvenate your senses in the spa, Need to get some more work done? Fortunately, you have a business center steps away from your front door.

By living at Kirsch Lofts you will have several things to look forward to. There are amenities that living in a loft will provide to every tenant.

#### Living Green

Living in a building that already exists is a huge start to helping save precious land and extra materials that go into building from the ground up. Not to mention the construction methods that will be used and the waste to be diverted from the landfill. No VOC paint (no stinky chemicals), re-use of several materials from the building and in general put back to use or repurposed, lower utility costs because you share walls = less energy used. For more information on how Bosgraaf Commercial is green see www.greencommitted.com

Saving Green

The cost of living at Kirsch Lofts will be a pleasant surprise.

Not only is your rent going to be

affordable, but you will have low utility costs too. The electric forced air furnace and air conditioners are energy efficient, so on top of saving energy by sharing walls, you have entered into lower utility costs. Kirsch Lofts is part of the Neighborhood Enterprise Zone (NEZ) which means this saves you \$\$. Here's a brief description: NEZ is a zone created by local and state governments to freeze taxes for a period of time from any improvements made to the property, usually in a neighborhood (or

building in this case) that needs rehabilitation.

#### Being Green

You will benefit from saving gas by not driving as much. The amenities are across the courtyard.

#### Amenities will include

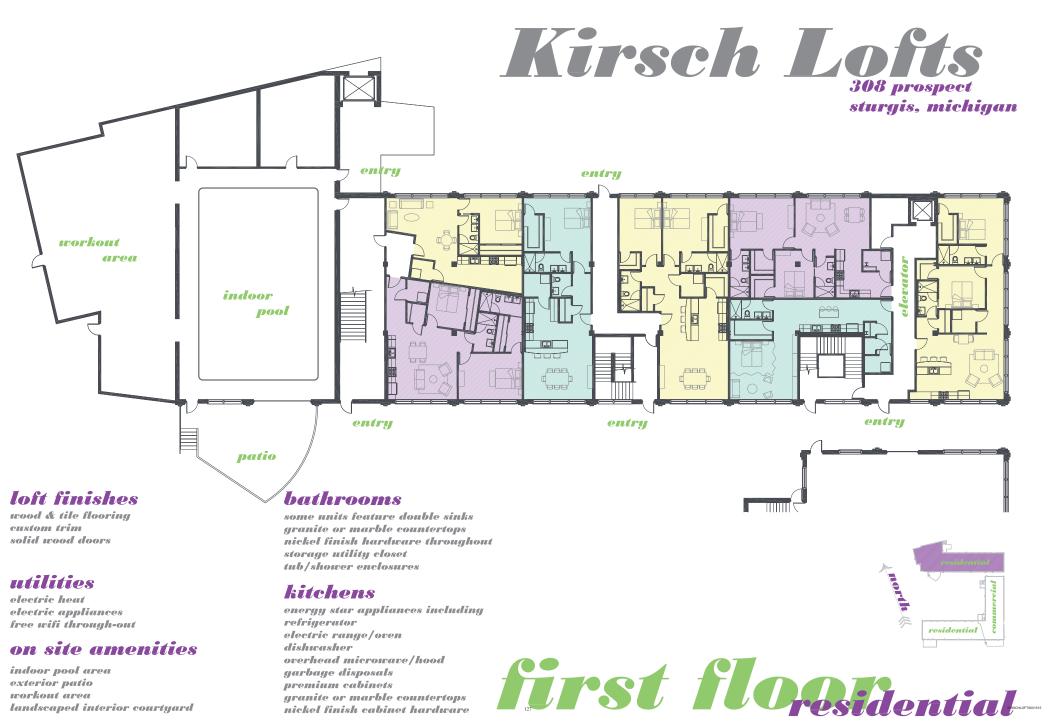
- •Restaurant
- •Deli
- •Banquet Facility
- •Commercial Businesses (potential tenants include: law firm, salon, real estate agent, photographer, retail sales, and more)
- •Free Wi-Fi
- •Swimming Pool
- •Workout Area
- Patio
- Parking
- •plus more

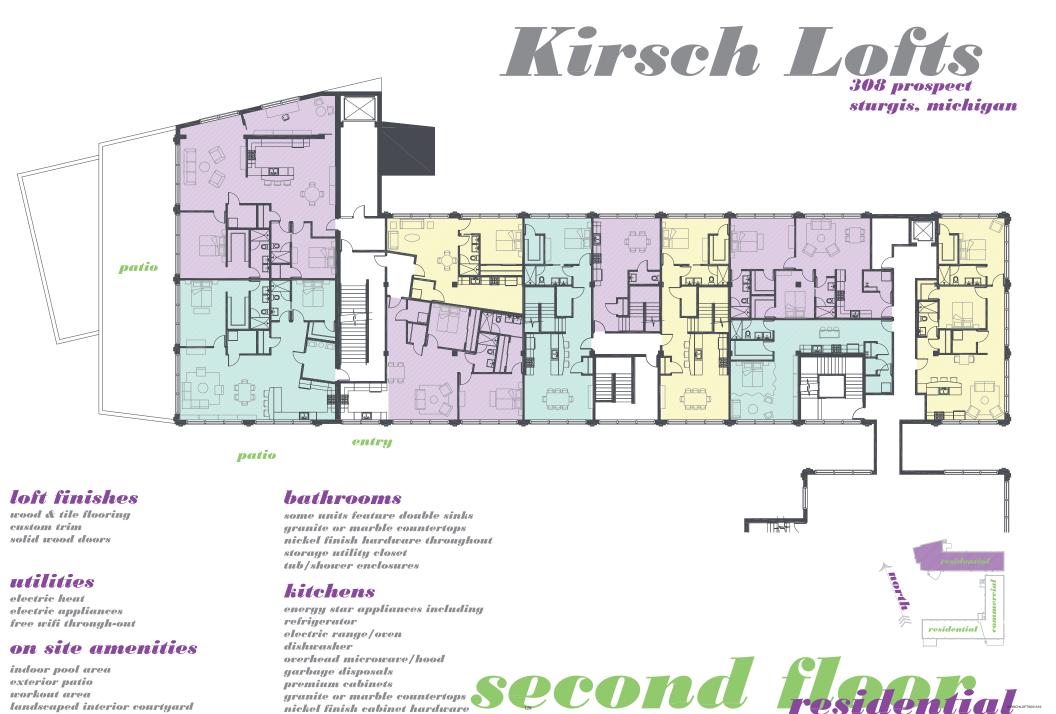
#### Loft Amenities will include

- •Electric Appliances
- •Electric Heat
- •Wood floors throughout
- •Stainless Steel Appliances including refrigerator, range/oven, microwave, dishwasher
- •Washer/Dryer
- Garbage Disposal
- •Tub/Shower enclosures
- •Satin Nickel Fixtures and Hardware

#### www.kirschlofts.com

Justin Misner Lynne Sluiter 616.292.8922 616.836.2753 justin@asumi.org lynne@asumi.org





129

premium cabinets

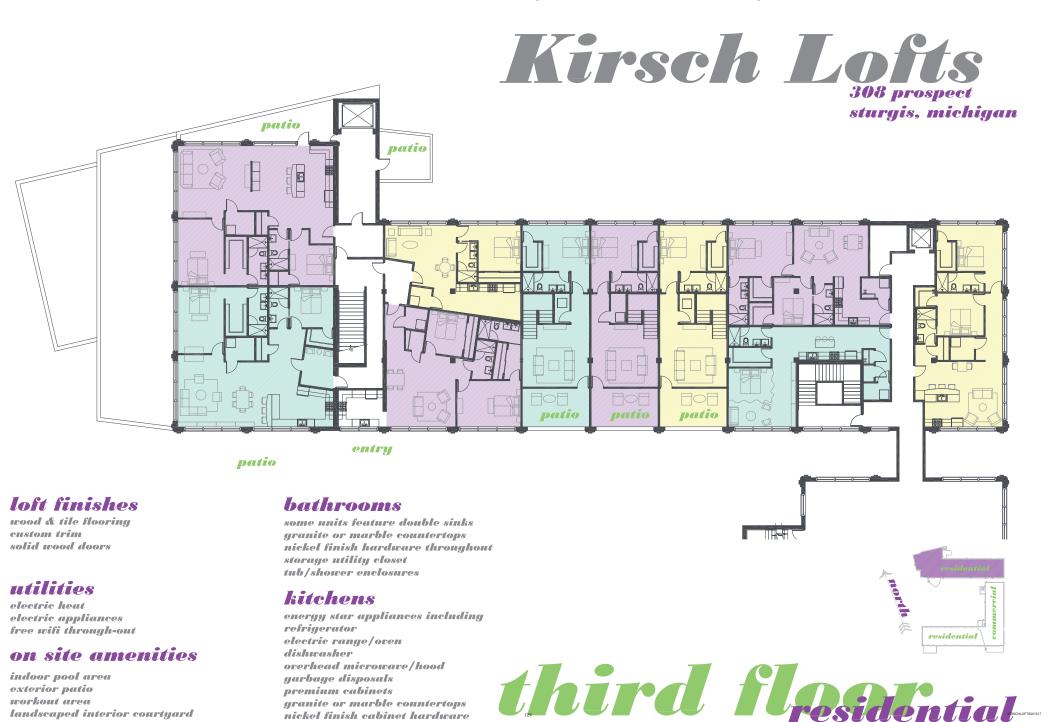
granite or marble countertops

nickel finish cabinet hardware

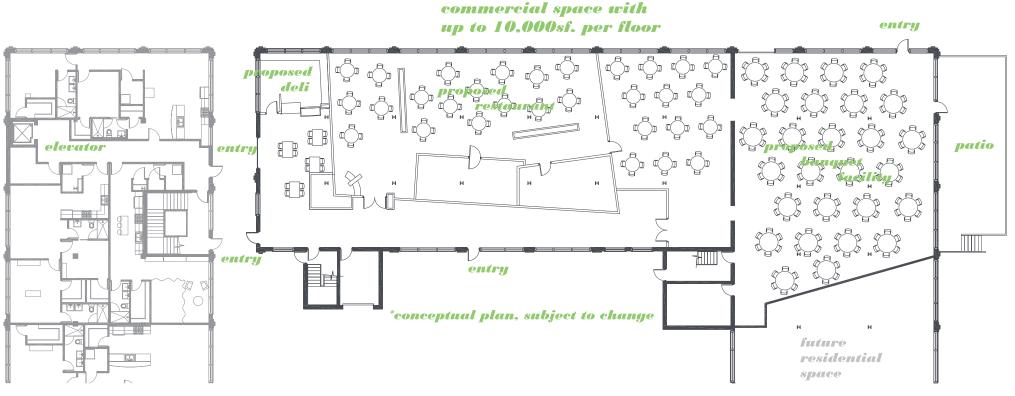
exterior patio

workout area

landscaped interior courtyard



## Kirsch Lofts 308 prospect sturgis, michigan



#### commercial finishes

existing wood floors large new insulated windows

#### utilities

separate utilities separate climate controlled free wi-fi through-out

#### on site amenities

proposed deli space proposed restaurant landscaped interior courtyard elevator access to all commercial floors shared toilet rooms on each floor





## Kirsch Lofts sturgis, michigan



#### commercial finishes

existing wood floors large new insulated windows

#### utilities

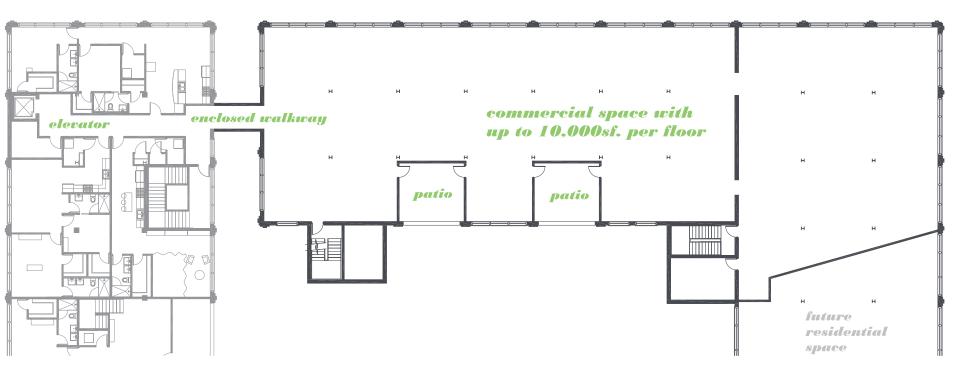
separate utilities separate climate controlled free wi-fi through-out

#### on site amenities

proposed deli space proposed restaurant landscaped interior courtyard elevator access to all commercial floors shared toilet rooms on each floor



# Kirsch Lofts 308 prospect sturgis, michigan



#### commercial finishes

existing wood floors large new insulated windows

#### utilities

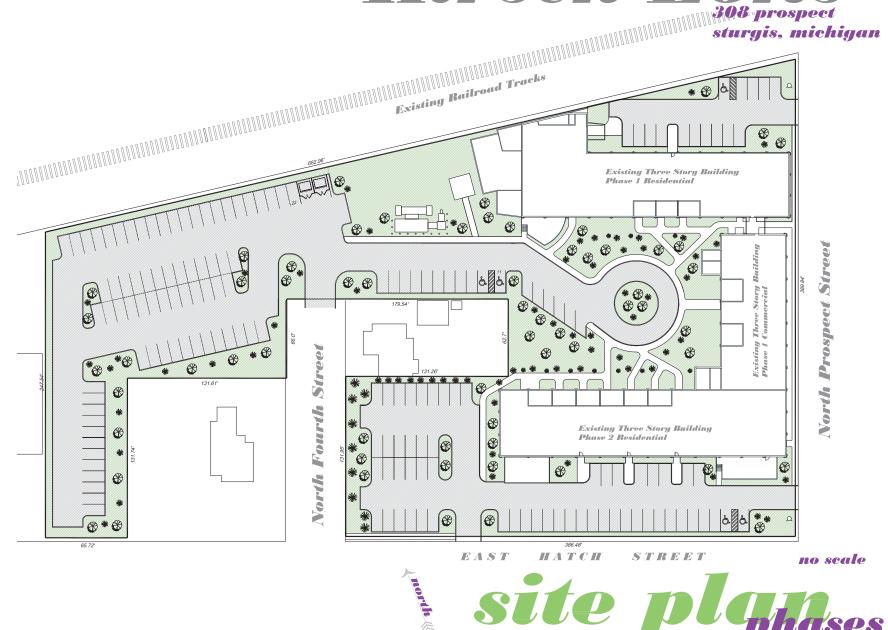
separate utilities separate climate controlled free wi-fi through-out

#### on site amenities

proposed deli space proposed restaurant landscaped interior courtyard elevator access to all commercial floors shared toilet rooms on each floor



## Kirsch Losts



Appraiser Qualifications and Licenses

#### QUALIFICATIONS OF JEFFREY G. GENZINK, MAI

#### **APPRAISAL EMPLOYMENT:**

Genzink Appraisal Company, Grand Rapids, Michigan Owner (2001-current).

Genzink Sabin Group, Grand Rapids, Michigan Partner (1998-2000).

The Oetzel-Williams Group, Lansing, Michigan Real Estate Appraiser (1990-1997).

#### **EDUCATION:**

Bachelor of Arts Degree with Major in Business Administration and Sociology, Calvin College, Grand Rapids, Michigan, 1988

#### APPRAISAL EDUCATION:

Numerous courses, seminars and continuing education classes taken through the Appraisal Institute and American Real Estate and Appraising Institute. A detailed completed course list is available upon request.

#### **COURT EXPERIENCE:**

Court Qualified as an Expert Witness in Michigan Tax Tribunal, Berrien County Circuit Court, Ottawa County Circuit Court, Kalamazoo County Circuit Court, Kent County Circuit Court and Lapeer County Circuit Court

#### **PROFESSIONAL ACTIVITIES:**

Board Member, Commercial Alliance of Realtors of West Michigan, 2011-2014 Great Lakes Chapter; Alternate Regional Representative, 2007 Great Lakes Chapter; Regional Representative, 2004 Leadership Development & Advisory Council; Member - Second Year, 2001 Great Lakes Chapter; Candidate Guidance Chair – General, 2000 Young Advisory Council; Member - First Year, 1998

#### LICENSES AND PROFESSIONAL AFFILIATIONS:

MAI, Appraisal Institute, Certification No. 11133.
Certified General Real Estate Appraiser - Michigan, No. 1201002640
Licensed Real Estate Broker - Michigan No. 6501238572
Commercial Alliance of Realtors, Broker Member
Grand Rapids Association of Realtors, Broker Member
Michigan Association of Realtors, Broker Member
National Association of Realtors, Broker Member
International Right of Way Association, No. 7926553

Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2050 Filed 07/01/16 Page 142 of 145

RICK SNYDER GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

EPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

CERTIFIED GENERAL APPRAISER LICENSE

JEFFREY GLENN GENZINK LOOP 44TH STREET SW SUITE LO? GRAND RAPIDS MI 49509

PERMANENT I.D. NO. 120102640

EXPIRATION DATE

AUDIT NO 2961985

THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN

L871164

List of Testimony (Trials and Depositions) by Jeffrey G. Genzink, MAI

### Case 1:15-cv-00597-RJJ ECF No. 88-13, PageID.2052 Filed 07/01/16 Page 144 of 145 ist of Trials and Depositions. Loff Continue NAAL

List of Trials and	l Depositions	- Jeff Genzink, MAI
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Job No.	Property N	lame	General Information	Date Completed
2583 -12	Holiday Ini	n - Grand Haven & Spring Lake - Trial	Full service hotel	5/15/2012
	940 Village of S	West Savidge Street Spring Lake	Case Information:	Parties: Grand Haven Investment, LLC (Petitioner) vs Spring Lake Township (Respondent) MTT Docket No. 364917 Michigan Tax Tribunal
2730 -12	Ship-N-Sho (Depositio	ore Storage - Williwaw Holdings, LLC n)	Mini Storage	10/24/2012
	16712 Crockery T	120th Avenue Township	Case Information:	Parties: Michigan Department of Transportation (Petitioner) vs Williwaw Holdings, LLC (Respondent) Case No. 11-02561-CC 20th Judicial Circuit County Probate
2799 -13	Trial - Van	Eerden Food Service		2/14/2013
	650 City of Gra	Ionia Avenue, SW and 615 S. Division Avenue, SW nd Rapids	Case Information:	Parties: Vanco, I, LLC (Petitioner) vs City of Grand Rapids (Respondent) MTT Docket No. 397653 Michigan Tax Tribunal
2809 -13	Forest Lake	e Mobile Home Park - Trial	220 homesite manu unusable homesite)	factured home community (221 homesites less 1 6/25/2013
	17147 148th Avenue Spring Lake Township		Case Information:	Parties: Elmcrest Partners, LLC (Petitioner) vs Charter Township of Ypsilanti (Respondent) MTT Docket No. 327926 Michigan Tax Tribunal

Job No.	Property N	Case 1:15-cv-00597-RJJ Name	ECF No. 88-13, Pagel General Information	D.2053 Filed 07/01/16 Page 145 of 145  Date Complet
3184 -14	Boar's Hea	ad Provisions Company, Inc	refrigerated wareho	use 7/11/20
	296	Roost Avenue		
	Holland To	ownship	Case Information:	Parties: LJ & S Development LLC (Petitioner) vs Boars Head Provisions Company Inc., a Delaware corporation (Respondent) Case No. 13-3511-DZ 20th Judicial Circuit for the County of Ottawa Specialized Business Docket
3268 -14	Auto Zone	#2263 - Trial	commercial building	2/11/20
	415	W. State Street		
<u> </u>	City of Has	stings	Case Information:	Parties: Autozone Stores, Inc. (Petitioner) vs City of Hastings (Respondent MTT Docket No. 451218 Michigan Tax Tribunal
3281 -15	Pro Build/	Timber Roots Deposition	four commercial bui	Idings and a shed 3/19/20
	7105	E. Pickard Road (M-20)		
	Chippewa	Township	Case Information:	Parties: Michigan Department of Transportation (Petitioner) vs Pro Build Real Estate Holdings, LLC and Pro Build Company, LLC, dba Timber Roots (Respondent) Civil Action No. 14-11327-CC Circuit Court for the Count of Isabella
3373 -15	Industrial	Building - Trial	five industrial buildir	ngs, some built in sections over a number of years 8/28/20
	128	E. Slosson Avenue		
	City of Ree	ed City	Case Information:	Parties: Yoplait USA - General Mills (Petitioner) vs City of Reed City (Respondent) MTT Docket No. 455313 Michigan Tax Tribunal